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GOVERNMENT AND ADMINISTRATION

Ministerial Appointments

Major Government changes accompanying the resignation of Mr Roy Jenkins as Home Secretary were announced on 10 September. They include the replacement of Mr Jenkins, who has left the Government in preparation for his appointment at the beginning of 1977 as President of the European Commission, by Mr Merlyn Rees (formerly Secretary of State for Northern Ireland) and the appointment as Secretary of State for Education and Science of Mrs Shirley Williams (formerly Secretary of State for Prices and Consumer Protection).

The ministerial changes involve the appointment of a Secretary of State for Transport in charge of a new Department of Transport separate from the Department of the Environment, the abolition of the post of Minister of Planning and Local Government in the Department of the Environment, and the appointment of a Minister for Social Security of Cabinet rank. In addition, the former Minister of Agriculture, Fisheries and Food, Mr Frederick Peart, has been given a life peerage[1] and appointed Lord Privy Seal and Leader of the House of Lords, where he replaces Lord Shepherd, who has resigned from the Government.

The new appointments (with ministers' previous posts in brackets) are given below, followed by a list of the new Cabinet.

Secretary of State for the Home Department
Rt Hon Merlyn Rees, MP (Secretary of State for Northern Ireland)

Secretary of State for Education and Science, and Paymaster General
Rt Hon Shirley Williams, MP (Secretary of State for Prices and Consumer Protection, and Paymaster General)

Secretary of State for Northern Ireland
Rt Hon Roy Mason, MP (Secretary of State for Defence)

Secretary of State for Defence
Rt Hon Frederick Mulley, MP (Secretary of State for Education and Science)

Lord Privy Seal and Leader of the House of Lords
Rt Hon The Lord Peart (Minister of Agriculture, Fisheries and Food)

Minister of Agriculture, Fisheries and Food
Rt Hon John Silkin, MP (Minister for Planning and Local Government)

Secretary of State for Prices and Consumer Protection
Rt Hon Roy Hattersley, MP (Minister of State, Foreign and Commonwealth Office)

Secretary of State for Transport
Rt Hon William Rodgers, MP (Minister of State, Ministry of Defence)

Minister for Social Security
Rt Hon Stanley Orme, MP (Minister of State, Department of Health and Social Security)

Minister of State, Foreign and Commonwealth Office
Rt Hon David Owen, MP (Minister of State, Department of Health and Social Security)

Minister of State, Ministry of Defence
Dr John Gilbert, MP (Minister for Transport, Department of the Environment)

Minister of State, Department of Education and Science
Mr Gordon Oakes, MP (Parliamentary Under-Secretary of State, Department of Energy)

Minister of State, Department of Health and Social Security
Mr Roland Moyle, MP (Minister of State, Northern Ireland Office)

Minister of State, Northern Ireland Office
The Lord Melchett (Parliamentary Under-Secretary of State, Department of Industry)

Parliamentary Under-Secretary of State, Department of Energy
Dr John Cunningham, MP

Parliamentary Under-Secretary of State, Department of Industry
Mr Robert Cryer, MP

[1] The conferral of a life peerage on Mr Peart means that a by-election is pending at his former constituency, Workington. A second by-election is to be held in Walsall, North, the former constituency of Mr John Stonehouse, who resigned his seat on 27 August following his imprisonment for theft and fraud. Mr Edward Short, MP for Newcastle upon Tyne, Central, and deputy leader of the Labour Party, announced his resignation on 8 October, bringing the number of pending by-elections to three. Although Mr Jenkins has left the Government, he has not resigned as member for Birmingham, Stechford. However, he will be obliged to give up his seat on becoming President of the European Commission.

Parliamentary Under-Secretary of State, Department of Transport
Mr John Horam, MP

THE CABINET

The following is a list of the Cabinet, which has been increased in size from 23 to 24.

Prime Minister, First Lord of the Treasury and Minister for the Civil Service
Rt Hon James Callaghan, MP

Lord President of the Council and Leader of the House of Commons
Rt Hon Michael Foot, MP

Lord Chancellor
Rt Hon The Lord Elwyn-Jones

Chancellor of the Exchequer
Rt Hon Denis Healey, MBE, MP

Secretary of State for Foreign and Commonwealth Affairs
Rt Hon Anthony Crosland, MP

Secretary of State for the Home Department
Rt Hon Merlyn Rees, MP

Secretary of State for Education and Science, and Paymaster General
Rt Hon Shirley Williams, MP

Secretary of State for Energy
Rt Hon Anthony Wedgwood Benn, MP

Secretary of State for Industry
Rt Hon Eric Varley, MP

Secretary of State for the Environment
Rt Hon Peter Shore, MP

Secretary of State for Northern Ireland
Rt Hon Roy Mason, MP

Secretary of State for Scotland
Rt Hon Bruce Millan, MP

Secretary of State for Wales
Rt Hon John Morris, QC, MP

Secretary of State for Defence
Rt Hon Frederick Mulley, MP

Secretary of State for Employment
Rt Hon Albert Booth, MP

Secretary of State for Social Services
Rt Hon David Ennals, MP

Secretary of State for Trade
Rt Hon Edmund Dell, MP

Lord Privy Seal and Leader of the House of Lords
Rt Hon The Lord Peart

Minister of Agriculture, Fisheries and Food
Rt Hon John Silkin, MP

Secretary of State for Prices and Consumer Protection
Rt Hon Roy Hattersley, MP

Secretary of State for Transport
Rt Hon William Rodgers, MP

Minister for Social Security
Rt Hon Stanley Orme, MP

Chancellor of the Duchy of Lancaster
Rt Hon Harold Lever, MP

Minister for Overseas Development
Rt Hon Reginald Prentice, MP

The newly created Minister for Social Security will work within the Department of Health and Social Security under the overall responsibility of the Secretary of State.

The Minister for Overseas Development, Mr Prentice, will undertake additional duties within the Foreign and Commonwealth Office so that a second Cabinet Minister will be available to deal with the extra burdens arising from the Presidency of the European Community, which falls to the United Kingdom on 1 January 1977, and the Commonwealth heads of Government meeting in London in June.

Northern Ireland

Recent developments concerning Northern Ireland summarised below include new ministerial appointments in the Northern Ireland Office; the doubling of penalties for certain firearms offences; the formation of a new women's peace movement; several economic developments; the announcement of European Community grants to the Province; and the publication of the report of the European Commission on Human Rights on the case brought by the Government of the Irish Republic against the United Kingdom. In the Irish Republic stronger legislation has been passed against terrorist activities.

MINISTERIAL APPOINTMENTS

Mr Roy Mason was appointed Secretary of State for Northern Ireland in succession to Mr Merlyn Rees and Lord Melchett replaced Mr Roland Moyle as Minister of State in the ministerial changes announced on 10 September (see p 375). At a press conference given in Belfast after his appointment Mr Mason said that the continuing direct rule would be 'firm and purposeful' and a high priority would be given to economic revival. He saw 'glimmerings of hope' for the future in the women's peace movement (see below), in co-operation with the Irish Republic and in the anti-terrorist legislation recently introduced by the Government of the Irish Republic (see p 379). Mr Mason will be directly responsible for the Northern Ireland Office and for the Department of Finance and, from 1 October, for the newly formed Department of the Civil Service. Mr Don Concannon, Minister of State, will be deputy to the Secretary of State and will be responsible for the Departments of Commerce and Manpower Services. Lord Melchett, the second Minister of State, will be in charge of the Department of Education and

the Department of Health and Social Services, with a special interest in all aspects of youth work. Of the two Parliamentary Under-Secretaries of State, Mr Ray Carter will be responsible for the Department of the Environment and Mr James Dunn for the Department of Agriculture and, within the Northern Ireland Office, for police administration.

PENALTIES FOR FIREARMS OFFENCES

The doubling of the penalty for certain offences under the Firearms Act (Northern Ireland) 1969 has been made by an Order in Council [Firearms (Amendment) (Northern Ireland) Order 1976] which came into effect on 19 August. The Order provides for the maximum penalty to be increased from five to ten years' imprisonment for carrying a loaded firearm in a public place; for trespassing with a firearm in a building and for the possession of firearms or ammunition in suspicious circumstances.

WOMEN'S PEACE MOVEMENT

A new women's peace movement came into being in August after three children from one family were killed by a swerving car involved in a chase by security forces. Rallies in Belfast supported by both the Protestant and Roman Catholic communities were attended by some 15,000 people on 14 August and 12,000 on 21 August and crowds of 20,000-25,000 were reported to have supported subsequent meetings. Demonstrations have also been held in Londonderry and other towns in Northern Ireland, in Dublin and Cork in the Irish Republic and in several towns in Great Britain. At the beginning of October the co-founders of the movement, Mrs Betty Williams and Miss Mairead Corrigan, visited the United States and gave interviews to newspapers and television. They urged Americans not to give money for Northern Ireland that could be used to supply weapons and ammunition to terrorists.

ECONOMIC DEVELOPMENTS

Industrial Investment

Expansion of their plant by three major industrial undertakings in Northern Ireland has been announced in recent months. In June the Hughes Tool Company of Houston, Texas, opened an extension to its plant at Castlereagh, Belfast, as part of a £2 million investment programme. The plant, where the manufacture of drilling bits and equipment, used mainly in oil and gas exploration, started in 1954, was the first Hughes Tool plant to be set up outside North America and the first engineering factory to be established by an American company in Northern Ireland. (There are now some 30 North American companies operating in Northern Ireland.) A £12 million order was secured in September by the company to supply drilling components (rock bits) to the national oil company of Algeria. The bulk of the equipment will be manufactured at the Belfast plant.

Expenditure of £10 million by the Ford Motor Company on the expansion of its factory at Belfast was announced in September. This will provide an additional 400 jobs; the factory at present employs 1,250 workers producing carburettors and distributors for most of Ford's European passenger car range. The expansion will not only increase the plant's capacity but will enable the company to take advantage of new carburettor design technology. The plant is to produce all the carburettors for the new Ford Fiesta mini-car, production of which has recently started at the company's Dagenham factory.

The Goodyear Tyre & Rubber Company is to invest £250,000 in the expansion of its International Technical Centre at Craigavon. The unit is responsible for the research and development of all Goodyear industrial rubber products, packaging film and plastics manufactured throughout the world, apart from in the United States. The centre is located next to Goodyear's manufacturing plant which has been expanded on three separate occasions since 1968, the workforce having risen from 350 to 1,600. Earlier in 1976 the company announced investment of £1·5 million in new equipment at the plant, bringing its total investment in Northern Ireland since 1968 to £12 million.

Measures to Alleviate Unemployment

The allocation of over £8 million to be spent on schemes to reduce unemployment in Northern Ireland was announced by Mr Merlyn Rees, then Secretary of State for Northern Ireland, in September. The measures resemble those announced for the rest of the United Kingdom in February (see p 113). The money will be divided as follows: £5 million for job creation schemes, in particular for projects which will help the construction industry; £1·5 million for a further expansion of the Province's Government industrial training schemes; £1·5 million towards providing grants for the modernisation of existing industrial premises and £150,000 for special projects to help school-leavers. The schemes are expected to result in the provision of 750 construction jobs, 400 direct labour jobs and 1,500 more places for training young people for industry.

EUROPEAN COMMUNITY GRANTS

Grants of £1·5 million from the European Community's Regional Development Fund were announced in August, bringing the total awards to Northern Ireland since the first allocations were made in 1975 to almost £13 million. The latest grants are being used for five harbour development schemes, for electricity transmission lines and to provide assistance to the expansion programme of the Ford Motor Company (see above).

A further grant from the Regional Development Fund is to be made to meet half the cost of a cross-border study of communications in north-west Ireland, the total cost of which will be £70,000. The rest of the expenditure will be met by the United Kingdom and Irish Governments. The study, which will be undertaken jointly by a London and a Dublin firm of consultants, is expected to last six months and is the first cross-border study to be made. It will examine the roads, railways, ports, airports and telecommunications in the area in order to make recommendations for future development.

Northern Ireland is also to receive grants totalling £758,000 – more than a quarter of the total sum being made available to the United Kingdom – from the Agricultural Fund. This will aid seven projects, including a new slaughterhouse, meat-processing plants and a seed-processing factory.

Grants totalling £6·3 million have also been made from the Social Fund in respect of industrial training and related schemes. The bulk of this sum has gone to Department of Manpower Services' Government training centres and training programmes but assistance has also been given to Enterprise Ulster, the Government scheme for creating environmental and community projects to provide work for the unemployed (see p 10, 1973).

REPORT OF EUROPEAN COMMISSION ON HUMAN RIGHTS

The report of the European Commission on Human Rights on the case brought by the Government of the Irish Republic against the United Kingdom concerning interrogation techniques used for a short period after the introduction of internment in 1971 was published on 2 September. The Commission's findings were transmitted in confidence to member Governments of the Council of Europe in February 1976 and in March the Irish Government referred the case to the European Court of Human Rights whose hearings will not begin before January 1977. By this time written submissions will have been made to the court by the United Kingdom and Irish Governments and by the Commission.

The Commission's Findings

The report exonerates the United Kingdom on most of the allegations which were declared admissible but found that there had been a breach of Article 3 (no-one shall be subjected to torture or to inhuman or degrading treatment or punishment) during the interrogation of 14 persons and that others had been subjected to inhuman treatment. Its main findings are as follows:

1 It was alleged that the measures of internment and detention implemented in and after 1971 contravened Article 5 of the European Convention on Human Rights (the right to liberty), but the Commission found that, given that the United Kingdom had derogated from the Convention in view of the situation in Northern Ireland, the measures taken at that time were 'strictly required by the exigencies of the situation'. There was therefore no unjustified breach of Article 5.

2 On the Irish allegation of violation of Article 6 (the right to a fair trial) the Commission found that this Article did not apply to the extra-judicial procedures concerned and that therefore no further questions arose in that respect.

3 The Commission also found that throughout the period under review the facts did not disclose that the powers of detention or internment had been, as alleged by the Irish Government, applied with discrimination on any ground, contrary to Article 14.

4 The Irish Government alleged that the United Kingdom Government was also in breach of Article 1 (the duty of Governments to secure rights and freedoms). However, the Commission have taken the view that since that Article grants no rights in addition to the main list of rights and freedoms set out in Articles 2 to 18, it cannot be the subject of a separate breach.

5 On Article 3 there are adverse findings in respect of some, but not all, of the Irish allegations against the United Kingdom, namely:
(a) the combined use of the five deep interrogation techniques (reported on by the Compton and Parker Committees – see pp 575-7, 1971 and p 96, 1972) constituted a practice in breach of Article 3 (these techniques were used in aid of interrogation on two occasions involving a total of 14 individuals);
(b) of the 16 'illustrative cases' chosen by the Irish Government and examined in depth by the Commission (including two of the 14 mentioned above): seven were subjected to inhuman treatment (but not torture) at Palace Barracks, Holywood, in Northern Ireland in the autumn of 1971; there was a practice there in connection with the interrogation of prisoners which was inhuman treatment in breach of Article 3; one individual was subjected to inhuman treatment in addition to the five techniques; and three other persons were subjected to inhuman treatment by the security forces at various places in Northern Ireland between August and December 1971 in circumstances which did not involve a practice of ill-treatment; but there was insufficient evidence in the other five cases on which to make findings of ill-treatment.

The Commission consider the United Kingdom Government have taken since December 1971 'important measures' which are likely to secure the protection contemplated by the Convention. They add that 'the United Kingdom Government have repeatedly manifested their intention and goodwill to do anything that is reasonably possible in order to ensure the observance of their obligations under the Convention'. The report concludes: 'The Irish Government have stated that they are unable to regard the above measures already taken by the United Kingdom and those being considered by them for the future, as satisfactory, and that they are not ready to discuss them with a view to a settlement. The Commission has therefore found that no friendly settlement has been reached between the parties.'

Statement by Northern Ireland Secretary

In a statement made on the publication of the report, Mr Merlyn Rees, then Secretary of State for Northern Ireland, said he regretted 'the Irish Government's persistence in raking over the events of five years ago. The only people who can derive any satisfaction from this are the terrorists. We should be concentrating our united energies on defeating the gunmen and bombers who menace the lives and well-being of peaceable citizens in both our countries.' The interrogation techniques in question had been stopped by the British Government over four years ago and relevant compensation awarded. There was now nobody in detention in Northern Ireland.

Of the 1,600 people killed in Northern Ireland since 1969, some 400 were men and women of the security forces. They have been shot at, both on duty and in their homes, blown up by landmines,

and blown to pieces dismantling bombs aimed at the civilian population. The Commission described the violence which the security forces had to face as being of 'extraordinary dimensions'. Without them, there could be no doubt that the violence would reach even more tragic dimensions in the divided society in Northern Ireland.

IRISH ANTI-TERRORIST MEASURES

Two measures have been passed by the Irish Parliament which are designed to strengthen the powers of the police and defence forces against terrorists. They were introduced into Parliament after the declaration of a state of emergency on 1 September. The Criminal Law Act received the presidential signature and became law on 24 September but the second measure, the Emergency Powers Bill, was referred by the President to the Supreme Court to decide whether it was 'repugnant to the constitution'. On 15 October the court ruled that the Bill did not contravene the constitution and it was given the presidential signature.

The Criminal Law Act extends the penalty for membership of an unlawful organisation from two to seven years' imprisonment; for unauthorised military exercises, from two to 15 years and for 'obstruction of government' from seven to 20 years. It creates the new offences of inciting or inviting people to join an unlawful organisation and of supporting or assisting the activities of such an organisation, the maximum penalty for which will be ten years' imprisonment. Other new offences are created in connection with aiding, facilitating or arranging escapes from custody and for giving false information, for example, bomb hoaxes. The police and defence forces are given new or increased powers to search places or vehicles.

The principal purpose of the Emergency Powers Act is to extend from two to seven days the period during which a person may be held in custody by the police without charges being preferred.

Recent Legislation

The following is an alphabetical list of Public Acts passed during the third quarter of 1976. Those sponsored by a private member are indicated by an asterisk. The dates given for the second reading refer to House of Commons *Hansard* (House of Lords where stated).

Adoption Act 1976. Consolidates legislation concerning the adoption of children in England and Wales. Second reading: 12.7.76, col 322. Royal Assent: 22.7.76. Ch 36, ISBN 0 10 543676 3, 85p.

Appropriation Act 1976. Authorises the Treasury to make a sum available to the public service. Second reading: 4.8.76, cols 1819-2085. Royal Assent: 6.8.76. Ch 43, ISBN 0 10 544376 X, 85p.

**Congenital Disabilities* (*Civil Liability*) *Act 1976.* Makes provision as to civil liability in the case of children born disabled in consequence of some person's fault. It also extends the Nuclear Installations Act 1965 in order that children born disabled as a result of a breach of duty under that Act may claim compensation. Second reading: 6.2.76, cols 1589-648. Royal Assent: 22.7.76. Ch 28, ISBN 0 10 542876 0, 12p.

**Dangerous Wild Animals Act 1976.* Makes provision to regulate the keeping of certain dangerous wild animals by a system of control which will protect both the public and the animals themselves. Second reading: 15.6.76 (HL), cols 1177-97. Royal Assent: 22.7.76. Ch 38, ISBN 0 10 543876 6, 22p.

Development Land Tax Act 1976. Imposes a new tax on the realisation of the development value of land (see pp 103-4, 1975 and p 187). Second reading: 15.3.76, cols 940-1070. Royal Assent: 22.7.76. Ch 24, ISBN 0 10 542476 5, £2·45.

**Divorce* (*Scotland*) *Act 1976.* Reforms the law of divorce in Scotland, making the irretrievable breakdown of marriage the sole ground on which a divorce may be granted. Second reading: 27.2.76, cols 767-819. Royal Assent: 22.7.76. Ch 39, ISBN 0 10 543976 2, 28p.

Drought Act 1976. Gives the Government fresh powers to deal with the consequences for water supplies of a prolonged period of exceptionally dry weather, including the limitation of non-essential uses of water, and, if necessary, the rationing of supplies (see p 359). Second reading: 4.8.76, cols 1744-818. Royal Assent: 6.8.76. Ch 44, ISBN 0 10 544476 6, 28p.

**Explosives* (*Age of Purchase etc*) *Act 1976.* Restricts further the sale to young people of explosive substances, including fireworks, and increases the penalties for offences in this area. Second reading: 27.5.76 (HL), cols 387-407. Royal Assent: 22.7.76. Ch 26, ISBN 0 10 542676 8, 8p.

Fair Employment (*Northern Ireland*) *Act 1976.* Establishes an agency to promote equality of opportunity in employment in Northern Ireland between people of different religious beliefs and to work towards the elimination of unlawful discrimination. Second reading: 16.2.76, cols 989-1068. Royal Assent: 22.7.76. Ch 25, ISBN 0 10 542576 1, 85p.

Fatal Accidents Act 1976. Consolidates the legislation which allows dependants of a deceased person to bring an action for damages for the loss of dependency if the death was caused by another person's negligence. Second reading: 12.7.76, col 320. Royal Assent: 22.7.76. Ch 30, ISBN 0 10 543076 5, 20p.

Finance Act 1976 (see pp 200-9). Second reading: 3.5.76, cols 843-981. Royal Assent: 29.7.76. Ch 40, ISBN 0 10 544076 0, £2.

**Food and Drugs* (*Control of Food Premises*) *Act 1976.* Amends the Food and Drugs Act 1955 by prohibiting in certain circumstances the preparation, storing and sale of food. Second reading: 13.2.76, col 899. Royal Assent: 22.7.76. Ch 37, ISBN 0 10 543776 X, 20p.

Iron and Steel (Amendment) Act 1976. Raises the statutory limit on the amount of external finance which the British Steel Corporation and its wholly-owned subsidiaries can raise by borrowing and by the receipt of public dividend capital. Second reading: 26.4.76, cols 32-112. Royal Assent: 29.7.76. Ch 41, ISBN 0 10 544176 7, 20p.

Legitimacy Act 1976. Consolidates certain enactments relating to legitimacy. Second reading: 12.7.76, col 320. Royal Assent: 22.7.76. Ch 31, ISBN 0 10 543176 1, 22p.

Lotteries and Amusements Act 1976. Consolidates enactments relating to lotteries, prize competitions and amusements with prizes. Second reading: 12.7.76, col 320. Royal Assent: 22.7.76. Ch 32, ISBN 0 10 543276 8, 60p.

Police Act 1976 (see pp 38-9). Second reading: 5.12.75, cols 2076-171. Royal Assent: 6.8.76. Ch 46, ISBN 0 10 544676 9, 30p.

Police Pensions Act 1976. Consolidates the Police Pensions Act 1948 and certain other enactments relating to police pensions. Second reading: 12.7.76, col 321. Royal Assent: 22.7.76. Ch 35, ISBN 0 10 543576 7, 28p.

**Protection of Birds (Amendment) Act 1976.* Amends the Protection of Birds Act 1954, as amended in 1967, to provide for increased financial penalties for offences under the Act. Second reading: 26.7.76 (HL), cols 1139-45. Royal Assent: 29.7.76. Ch 42, ISBN 0 10 544276 3, 8p.

Rating (Charity Shops) Act 1976. Amends the law concerning rate relief for charity gift shops in Great Britain. Second reading: 8.7.76, col 1968. Royal Assent: 6.8.76. Ch 45, ISBN 0 10 544576 2, 8p.

**Representation of the People (Armed Forces) Act 1976.* Removes from servicemen and their wives the requirement annually to re-register for electoral purposes. Second reading: 6.2.76, cols 1649-79. Royal Assent: 22.7.76. Ch 29, ISBN 0 10 542976 7, 12p.

Restrictive Practices Court Act 1976. Consolidates certain laws relating to the Restrictive Practices Court. Second reading: 12.7.76, cols 320-1. Royal Assent: 22.7.76. Ch 33, ISBN 0 10 543376 4, 22p.

Restrictive Trade Practices Act 1976. Consolidates the law relating to restrictive practices. Second reading: 12.7.76, col 321. Royal Assent: 22.7.76. Ch 34, ISBN 0 10 543476 0, 95p.

**Theatres Trust Act 1976.* Provides for the establishment of a Theatres Trust with powers to protect theatres by means of acquisition, maintenance or other assistance. Second reading: 27.5.76 (HL), cols 445-56. Royal Assent: 22.7.76. Ch 27, ISBN 0 10 542776 4, 20p.

EXTERNAL AFFAIRS AND DEFENCE

UN General Assembly

SPEECH BY BRITISH FOREIGN AND COMMONWEALTH SECRETARY

The United Nations General Assembly, opening its thirty-first regular session on 21 September, elected Mr Hamilton S. Amerasinghe of Sri Lanka as its President. The former British dependency of Seychellea (see pp 280-1) was admitted to the United Nations, bringing the membership to 145.

In his first appearance before the General Assembly as Britain's Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland addressed the session on 5 October.

The Foreign Secretary welcomed the first appearance at the Assembly of the Republic of the Seychelles whose membership of the United Nations had been sponsored by Britain and other members of the Commonwealth. He stated that the British Government in its foreign policy was committed to the ideals of morality, equality and justice, thus reflecting the values of the British people themselves. Mr Crosland continued: 'This is a fundamental fact which shapes my Government's attitude to the great challenges facing the international community today: the search for peace; the establishment of a proper economic balance between developed and developing countries; the promotion of human rights; the maintenance of the rule of law.' The Foreign Secretary then reaffirmed Britain's 'commitment to support and sustain the efforts which were being made to meet these challenges' and pledged its support for the United Nations. In an interdependent world, he said, the problems that confront societies could be effectively tackled only on a regional or even a global basis, and, consequently, for the past 31 years support for the United Nations had been an axiom of British foreign policy.

North-South Dialogue

Mr Crosland pointed out that the relationship between the developed and developing countries was a matter of particular concern to the international community at present. 'The gap between the rich and poor countries is not just a matter of economics,' he said, 'it is a moral question which requires a firm and principled stand.' Britain's position had been demonstrated in July, 'when at a time of severe economic pressure we exempted one programme and one programme alone from the widespread cuts in public expenditure – the overseas aid programme' (see p 326). Britain's policy was to put increasing emphasis on the poorest people in the poorest countries. 'For when we say', stated Mr Crosland, 'that we want a fair and rational world economic system, in the management of which the developing countries will have their proper share, we mean also that the poor countries of the world should obtain a new deal, which enables them to offer their people the prospect of lives no longer dominated by hunger and chronic insufficiency.'

Reviewing practical steps that had been taken in the last year since the seventh Special Session of the General Assembly (see pp 391-4, 1975) Mr Crosland stated that what had been achieved, though not enough, should not be underestimated. The Conference on International Economic Co-operation (see p 476, 1975, and pp 18-21) had resumed its detailed work in the four critical areas of energy, raw material, development and finance. The Fourth United Nations Conference on Trade and Development (UNCTAD – see p 285) in May had also marked a significant stage in this dialogue, and there had been major international monetary reforms to the benefit of the poorer countries (see pp 399-400, 1975).

Mr Crosland expressed pleasure that the European Community had taken effective action in the field of the relationship between the developed and developing countries. For Britain an essential justification for the Community's existence and for British membership was that the Community 'should play an active and constructive role in the third world, thus enabling its member states to contribute more effectively to the solution of international problems than if they were acting on their own' (see also p 384).

The Law of the Sea Conference (see pp 144-5, 1975 and p 403), Mr Crosland said, had an important contribution to make to the dialogue between the industrialised and developing nations. 'The concept of an international authority', he continued, 'to administer the mineral resources of the deep seabed for the benefit of all mankind is bold and imaginative. [The British] Government have played a full part in attempting to promote general agreement on the structure of the authority, on the regime itself and on the many other issues which are currently before the conference.' However, Mr Crosland was disappointed by the lack of progress on the basic question of the deep seabed. While promising that Britain would persist in its efforts to find solutions acceptable to all, he hoped that before the next session of the conference other nations would also consider carefully how to achieve consensus.

It was a measure of the size of the problem, Mr Crosland said, that so much still remained to be done before a proper balance was achieved between the richer and poorer nations, 'a balance which is an essential precondition of a more civilised international order'. While he understood the impatience in some quarters, Mr Crosland emphasised that the lesson of the last three years was that no one gained from confrontation because different countries' economies were too closely interconnected. 'The dialogue must continue,' he said, 'because on its successful outcome depends the ability of the poorer countries to secure the real transfer of resources that they so desperately need. What we are searching for . . . is a new relationship, based upon justice and a balance of mutual advantage.'

Southern Africa

The North-South dialogue, Mr Crosland said, was about political as well as economic partnership, and Southern Africa was one part of the world where the need for international co-operation and peaceful reconciliation was overwhelming.

Referring to Rhodesia (see p 386) Mr Crosland said: 'I believe that a turning point which is largely due to the skill and energy of Dr Kissinger – the acceptance of majority rule by the illegal regime – has given us at long last the basis for a peaceful settlement. We must now seize this opportunity to make real progress towards an independent government that will truly represent the people of Zimbabwe [the African nationalist term for Rhodesia].' In response to the requests of all the parties concerned Britain had agreed to convene a conference to discuss the early formation of an interim government. However, Mr Crosland emphasised that Britain, while ready to help in whatever way was appropriate, looked to the parties concerned to work out for themselves the best means of achieving a rapid transition to independence based on majority rule. He thought that, until the interim government had been established, it would be right to continue with the enforcement of economic sanctions, and warned that the momentum of the present initiative must not be lost.

The Foreign Secretary referred to the recent rioting in Soweto and said that the violence and bloodshed in South Africa revealed that apartheid was not only unjust but unworkable. Warning that time was running out for peaceful change, Mr Crosland urged the South African Government to accept the need for a fundamental reappraisal of its racial policies 'so that a society can be built in which all South Africans, regardless of colour, can live and work in peace, equality and mutual respect'.

On Namibia Britain had voted in favour of Security Council Resolution 385[1] and had repeatedly made its views clear to South Africa. Mr Crosland said that Britain fully supported Dr Kissinger's efforts to help bring Namibia to early self-determination and independence. 'If our efforts to achieve international co-operation and peaceful reconciliation in Southern Africa fail,' Mr Crosland warned, 'we face the prospect of a catastrophic conflict that will not only engulf the peoples of the region, but could also have serious results for world peace.'

[1] This resolution of 30 January 1976 had the aim of bringing about South Africa's withdrawal from its illegal occupation of the territory.

Détente

On the issue of *détente* Mr Crosland emphasised the global nature of the problem. He said: 'Recent history has given a forcible reminder to us all – and particularly to those like the Soviet Union who disparage the present attempts to bring peace to Southern Africa – that, in the pursuit of *détente*, the need for a sense of responsibility is world-wide and not to be confined to Europe.' If the world was to achieve a genuine *détente* all members of the United Nations must, as a first step, honour the undertakings contained in the United Nations charter; this required a high degree of restraint and mutual tolerance. Nowhere was the need for restraint more obvious than in the field of arms control. It was crucial to take urgent steps to curtail the proliferation of nuclear and conventional weapons. Mr Crosland said that the British Government's views on disarmament would be set out at the meeting of the First Committee of the General Assembly (the committee dealing with political and security matters) on 1 November.

Middle East

In reference to the unresolved conflict in the Middle East, Mr Crosland said that Britain and her partners in Europe urgently wanted to see negotiations which would lead to a peace agreement supported and sustained by the world community. He said that an enduring settlement must be based on a compromise solution in which the Arabs accepted that Israel is a fact and that her right to exist is not in question. Peace would be impossible, he said, 'unless the Arab states give Israel formal recognition, within secure, recognised and mutually agreed boundaries, as a permanent feature of the geography and politics of the Middle East'. He went on: 'But if Israel is to obtain this recognition, she must, in a settlement, put an end to the territorial occupation which she has maintained since the war of 1967; the nine members of the European Community have declared that this is an essential element in a settlement. On behalf of the British Government I underline that need today.'

Mr Crosland also emphasised that one essential element in a settlement would be a land for the Palestinians, 'not necessarily a sovereign state but a place where they will be free to look after their own affairs'.

The Effectiveness of the United Nations

Mr Crosland then commented on the growth of the United Nations membership in recent years which, he said, 'obliges us more than ever to ensure that the organisation functions promptly and effectively in the interest of world peace and harmony'. Effectiveness could be increased, for example, through a successful conclusion to the Law of the Sea Conference (see p 403), and through the activities of the UN being more closely harnessed to the promotion of the international rule of law. Mr Crosland said he closely supported the proposal made by the Federal Republic of Germany for a UN Convention against the taking of hostages (see p 385).

The Foreign Secretary then expressed the British Government's concern at the tendency in the UN specialised conferences and agencies to prolonged political debate due to the introduction of divisive political issues into their proceedings. Mr Crosland thought that members of the UN could not afford this luxury, '. . . when the harsh realities of water shortages, starvation and waste of resources cry out for immediate joint action'. Political issues should be debated in the UN General Assembly and its committees and in the Security Council, not in the specialist bodies.

Human Rights

Mr Crosland concluded his speech by referring to the legal work of the UN in the field of human rights and he called on all states to join Britain in ratifying the International Covenants on Human Rights (see p 266) and giving full support to the Committee on Human Rights. He said that legislation alone could not guarantee human rights and there was a need to reverse the present erosion of these rights. Mr Crosland then outlined what he believed should be the goal of the UN: 'Our task is to create a world in which all men can live in peace, prosperity and freedom, guaranteed by the rule of law. This is an ambitious goal and some may despair of ever reaching it. But I believe that if we approach the problems that beset us in a spirit of peaceful reconciliation, co-operation and restraint – and if, above all, we display these qualities in our dealings with one another in this organisation – the task will not appear so daunting and the goal will not be impossible to achieve.'

European Community

The work of the European Community resumed after the summer break with a Council of Ministers' meeting on 20 September, during which the Council signed an instrument relating to direct elections to the European Assembly, and an economic agreement with Portugal. This meeting was preceded by an informal gathering of Community foreign ministers, at which issues relating to Southern Africa were discussed.

The Secretary of State for Foreign and Commonwealth Affairs made a wide-ranging speech on 28 September about the Community's progress and future prospects, and the problems arising from Britain's membership.

Britain has also recently affirmed her support for Greece's application to join the Community; and the Community's energy directorate has announced a new scheme supporting uranium prospecting programmes. Further details of all these developments are given below.

Some recent developments in agriculture and fisheries are reviewed on pp 402-4.

DIRECT ELECTIONS

On 20 September, the Community foreign ministers signed the legal instrument which authorises direct elections to the European Assembly (see pp 315-16). This instrument will bring into effect one of the main provisions of the Treaty of Rome and will provide for the nominated Assembly to be replaced by an enlarged elected body. Britain will hold 81 seats out of a total of 410.

In a non-legally-binding preamble, the ministers reaffirmed the Community's intention to hold elections to the Assembly on a single date within the period May to June 1978, as agreed by the Community heads of State or of Government in December 1975 (see pp 475-6, 1975). However, the actual date for the first elections will be determined later by a unanimous decision of the Council of Ministers. The Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland, told journalists after the signing ceremony that the British Government was committed to direct elections, and Britain would do its best to be ready by the target date.

BRITAIN AND THE EUROPEAN COMMUNITY: FOREIGN SECRETARY'S VIEWS

At a meeting in Blackpool on 28 September, organised by the monthly magazine *Socialist Commentary*, Mr Crosland called for a 'productive dialogue [in Britain] on how we can help to shape a Community in which British interests and Community interests are served at the same time'. He referred to the progress towards common policies in the member states as a 'long-term historical process', but cautioned that in the shorter term, 'the Community must set itself goals which it has a reasonable chance of achieving, concentrating on what will benefit our peoples and in consequence win public support'.

Mr Crosland hoped that the period when Britain will hold the Presidency of the Council of Ministers (during the first half of 1977) would coincide with a period in which perceptions of what could be achieved might be more realistic than they had been in the past. 'We are not looking for dramatic breakthroughs in the six short months of our Presidency. That would be foolish indeed. Instead, we shall try to ensure that the Community functions well, with the right conditions for productive debate, leading to decisions acceptable to us all. A good castle is built not in the air, but brick by brick. It is to that process that we shall seek to contribute with all the strength that we command.'

These comments were made in the course of a wide-ranging speech which, Mr Crosland indicated, was delivered in the context of a mood of 'disillusionment' and 'disenchantment' . . . 'in Europe and about Europe'.

Political Co-operation

In the Foreign Secretary's view, the political benefits of the Community outweighed any economic benefits that may have been derived. Within Western Europe, the existence of the Community has led, he stated, to an 'incomparably greater meeting of minds . . . more continuous and enlightened dialogue . . . less pure national selfishness . . . This', he said, 'I count as a most positive gain'. He described the increase in political co-operation among mem-

ber states, particularly with regard to foreign policy matters, as 'an increasingly important aspect of the Community and a positive and practical gain to set against the excessive pessimism that is now current in some parts of the Community'. For example, Mr Crosland pointed out that in the last 12 months the Community Governments had voted together on 83 per cent of all United Nations resolutions, and that the country holding the presidency of the Council had spoken on behalf of the Community on 30 occasions at the United Nations. He added that the Community Governments had played an extremely important part in the Helsinki negotiations (see pp 305-12, 1975). The Community provision of emergency aid to Portugal after the revolution was, he said, 'the result of a conscious political decision to underpin democracy. Concern for democracy also led the Community to open negotiations with Greece over membership' [see p 317] . . . 'Similar considerations will apply when Portugal and Spain make their applications for full membership' (see p 109). On the whole, Mr Crosland thought that the 'habit of developing common attitudes towards the rest of the world' had 'great potential for development'.

Economic Effects of Membership

Mr Crosland then went on to consider the question of how Britain had been affected economically by membership of the Community. He referred to the reduction in tariff barriers which has led to an increase in the level of British exports to the Community. But, he pointed out, total imports from the Community have also risen, and Britain now has a trading deficit with the Community.

With regard to Britain's contribution to the Community budget, Mr Crosland said that in 1973 and 1974 the British contribution exceeded receipts by a total of about £180 million, but by 1975, 'largely as a result of the operation of the monetary compensatory amounts system [the green pound – see p 402], we actually gained on the balance of contributions by about £13 million'. Although 'the peculiar circumstances of the period since we joined the EEC make a firm judgment on the economic costs and benefits a very difficult one', Mr Crosland was inclined to believe that economically Britain had neither gained nor lost from membership of the Community.

National Goals

The Foreign Secretary then outlined the national and Community goals that he thought should be pursued in the future. In listing Britain's national goals, Mr Crosland placed the question of the fisheries policy as a top priority for Britain (see pp 402-3). He spoke of the 'overriding need to extend fishing limits to 200 miles'. He also mentioned the need to negotiate reciprocal access arrangements for Community members and non-members in each other's waters; to revise the common fisheries policy which, as it stands, Mr Crosland said, does not serve British interests; and the need to enforce conservation and control measures to prevent over-fishing.

Mr Crosland also listed as a national priority the requirement 'to deal adequately with the problem of CAP' (the common agricultural policy). He stated that Britain intended to seek 'a fair deal for consumers, a reasonable livelihood for our farmers, cost-effectiveness and access for our traditional suppliers'.

In reference to the Community's Regional Development Fund, Mr Crosland pointed out that the fund's two-year term would expire in 1977 and that new arrangements would then be proposed by the Commission. He stated: 'We must put forward clear British views on a successor to the Regional Development Fund with the object of ensuring that our poorer regions receive their fair share of whatever funds the Community makes available.'

Mr Crosland then went on to discuss the various harmonisation proposals that have recently been dealt with in the Community. In the Foreign Secretary's view Britain 'must seek to bring to an end gratuitous and pointless harmonisation . . . we should only give up sovereignty in these matters if either there is a clear gain in national welfare or our standard of living through doing so or, even if there is not, if the proposal is directly relevant to the general health and cohesion of the Community'. Mr Crosland believed that for many of the harmonisation proposals neither of these conditions had been satisfied.

Community Goals

Mr Crosland then turned from national to Community goals. In this section of the speech, he returned to the theme of developing a common foreign policy in the Community, which he described as 'the most important Community goal'. Mr Crosland singled out two areas where he would like to see 'a concentration of effort and co-operation on ensuring that the Community speaks with a single Community voice'; namely, with respect to the Mediterranean countries and the North-South dialogue.[1] He believed that Community members by acting together could work to avoid confrontation between developed and developing countries, and could help to devise a fair and rational world economic system. He reminded his audience that the Community had already contributed significantly to this objective; for example by its participation in the Lomé convention (see pp 51-3, 1975) and by the generalised system of preferences, which provides more liberal access into the Community for imports of manufactured and processed agricultural products from developing countries.

Mr Crosland then went on to compare the rate of progress in the Community towards economic integration and integration in foreign policy matters, and concluded that both goals should not necessarily be sought at the same time and rate. While agreeing with the desire expressed in the Tindemans report (see pp 59-61), for progress on the common foreign policy and common foreign trade side, he could not accept Mr Tindemans's view that this depended on a

[1] This term covers negotiations such as the work of the Conference on International Economic Co-operation (see pp 18-21) and the UN Conference on Trade and Development (see pp 285-8), when they deal with the economic relations between developing and developed countries. The North-South dialogue is also discussed in Mr Crosland's speech to the UN General Assembly on 5 October (see p 381)

parallel movement towards internal integration. Mr Crosland believed that 'the external and the internal aspects of the EEC are or should be so inexorably tied together as this sort of formulation would suggest. If it were so', he said, 'a failure to achieve a much greater internal integration could prevent our achieving a greater external co-operation even though that was within our reach and would be of great benefit to Europe and the world.'

Enlargement of the Community

In discussing the future enlargement of the Community, referring in particular to Greece, Portugal and Spain, the Foreign Secretary again considered the political aspects to be more important than the economic. He recognised that in the economic field, enlargement would bring in its wake considerable problems, but, in his view, the political benefits would outweigh the practical difficulties. Mr Crosland regarded enlargement as 'an investment in the democratic future of Europe', and as capable of providing new strength to European democracy. 'By sustaining the fledgling democracies at the most crucial stage in their evolution', he said, 'we shall protect them against their enemies within and without. In one part of the world at least, we shall be able to say that democracy is a blooming flower and not a fading one. In one part of the world, totalitarianism whether of the left or of the right, will have suffered a decisive setback.'

Direct Elections

Towards the end of his speech Mr Crosland also referred to the intention to hold direct elections to the European Assembly (see p 383). He stated: 'the Government will lay before Parliament the legislation needed to implement direct elections in Britain at the earliest practicable date.'

FOREIGN MINISTERS' MEETING

An informal meeting of the Community's foreign ministers was held at Beetsterzwaag in the Netherlands on 11 and 12 September. At this meeting the ministers pledged their support for the mediation mission in Southern Africa of the United States Secretary of State, Dr Kissinger (see p 386), and agreed not to take any initiative of their own which could hamper Dr Kissinger's efforts. It was also decided that Community Governments would not recognise Transkei when it becomes independent on 26 October.

Support was also given to the Federal Republic of Germany's proposed new initiatives for international action against the taking of hostages. This proposal was subsequently put to the United Nations General Assembly by the Federal Republic's Foreign Minister on 28 September.

EXTERNAL RELATIONS

Greece

The Secretary of State for Trade, Mr Edmund Dell, ended a three-day official visit to Greece on 8 September. In the course of this visit Mr Dell discussed Greece's application for membership of the European Community which was submitted in June 1975 (see p 316, 1975). On his departure from Greece Mr Dell emphasised 'how warmly Britain welcomes the Greek application to join the Community', and went on to state: 'we have already given our full support and encouragement to the measures that are now being taken to prepare for the entry negotiations and I have made it clear that we shall do all we can to help the Greek application'. Formal negotiations on the accession of Greece to the Community opened in Brussels on 27 July (see p 317), and will be continued in the coming months. Greece at present has an association agreement with the Community.

Portugal

Following the visit by the President of the Council of Ministers to Lisbon on 18 September, Community ministers received in Brussels on 20 September the Portuguese Foreign Minister, Dr José Medeiros Ferreira. A formal application for membership of the European Community is expected to be lodged by the Portuguese Government at some future date. On 20 September Mr Crosland said that he welcomed the Portuguese intention to apply for membership.

The main purpose of Dr Ferreira's visit to Brussels was to sign a Financial Protocol and an Additional Protocol to the agreement between the European Economic Community and Portugal of 1972 (see p 331, 1972). The Financial Protocol is to take over the supply of 180 million units of account (mua) of emergency aid to Portugal which was agreed by the Council in October 1975 (see p 391, 1975). It also stipulates that 200 mua may be committed in the form of loans from the European Investment Bank to help finance projects designed to contribute to the economic and social development of Portugal. The Additional Protocol supplements and expands the 1972 agreement, making improvements in the fields of commerce, industry and agriculture. It also extends the agreement to cover new areas of co-operation in the fields of social security, labour, finance, industry and technology.

With regard to trade, the Additional Protocol will allow Portugal more favourable access to the Community for specific products. Certain textile products, for example, may now be exported in larger quantities to Community countries. However, Portugal has agreed to ensure that those intended for Britain do not exceed certain limits.

After the signing of these protocols, the President of the Council, Mr van der Stoel, stressed the importance of establishing co-operation in new areas between the Community and Portugal. By improving the 1972 agreement, the Community was endeavouring to give effective and wholehearted aid to the Portuguese economy and thereby to democracy in Portugal. In reply, the Portuguese Foreign Minister reaffirmed his country's desire to play its part in Europe, and stated that his Government would in due course give substance to this desire by applying for membership of the Community.

URANIUM PROSPECTING

The European Community Energy Directorate has announced a scheme supporting uranium prospecting programmes within Community territories. A total of 1 mua (about £400,000) will fund the project

which, it is hoped, will lead to the discovery of new sources of uranium, thereby ensuring the long-term supply of uranium for the Community. At present, France is the largest producer of uranium and has considerable reserves. Britain relies on uranium imports since known deposits do not warrant commercial exploitation.

Rhodesia

Britain has proposed that delegates to a conference to discuss the establishment of a transitional government for Rhodesia should meet in Geneva on 21 October with a view to the formal opening of the conference on 28 October. The chairman of the conference will be Mr Ivor Richard, QC, the British permanent representative at the United Nations.

The convening of the conference, announced by the British Foreign and Commonwealth Secretary, Mr Anthony Crosland, on 8 October, follows the illegal Rhodesian regime's agreement, in late September, to the introduction of majority rule within two years. This in turn, represented the culmination of six months of diplomacy, undertaken by Dr Henry Kissinger, the United States Secretary of State, aimed at achieving a peaceful solution of the Rhodesian problem on the basis of principles set out by the British Prime Minister, Mr James Callaghan, in March 1976 (see pp 153-7).

Addressing the United Nations General Assembly on 5 October (see p 381), Mr Crosland expressed the 'hope that the threat to peace and stability which Rhodesia has posed for too many years will soon be at an end. Once the interim government has been established', he continued, 'the justification for the various pressures which have been maintained against the illegal regime should fade away. At that stage there should no longer be any reason for the international isolation of Rhodesia.'

UNITED STATES' PEACE INITIATIVE

The United States' diplomatic efforts to promote a peaceful settlement in Rhodesia commenced in April. On 25 April Dr Kissinger visited Britain to discuss the situation with Mr Crosland; at the end of his visit he stated that the American and British views on Rhodesia were identical and that the United States Government strongly supported Mr Callaghan's proposals. Following these talks, Dr Kissinger visited seven African countries between 25 April and 2 May. During this tour, in a major policy speech in Lusaka on 27 April, Dr Kissinger emphasised the United States' commitment to an early negotiated settlement, warned that the Rhodesian regime could not expect any American support at any stage in its conflict with the liberation movements, and urged that Mr Callaghan's proposals, which he promised the United States would actively support, be accepted.

The United States' diplomatic effort, an important feature of which was the close and continuous consultation between the United States and British Governments, continued in late June with talks between Dr Kissinger and Mr Vorster in Grafenau, Bavaria, with a further round of talks taking place in Zurich on 5-6 September. Shortly afterwards, Dr Kissinger made a second visit to Africa, which, after talks in Lusaka and Dar es Salaam, culminated in talks in Pretoria on 18-19 September with Mr Vorster and, subsequently, with Mr Smith. Mr Smith then returned to Rhodesia to discuss the proposals put to him by Dr Kissinger with his Cabinet and the parliamentary caucus of the Rhodesian Front.

MR SMITH'S BROADCAST

On 24 September, in a radio broadcast, Mr Smith said that the illegal regime accepted the proposals, though they did 'not represent what in our view would be the best solution for Rhodesia's problems'. However, the British and American Governments, he explained, had made up their minds as to the kind of solution they wished to see in Rhodesia and were determined to bring it about.

The 'actual terms put to me by Dr Kissinger', Mr Smith stated, 'were the following:

1 'Rhodesia agrees to majority rule within two years.

2 'Representatives of the Rhodesian Government will meet immediately at a mutually agreed place with African leaders to organise an interim government to function until majority rule is implemented.

3 'The interim Government should consist of a Council of State, half of whose members will be black and half white, with a white chairman, without a special vote. The European and African sides will nominate their representatives. Its functions will include legislation, general supervisory responsibilities and supervising the process of drafting the constitution. The interim government should also have a Council of Ministers with a majority of Africans and an African First Minister. For the period of the interim government the Ministers of Defence and Law and Order would be white, decisions of the Council of Ministers to be taken by two-thirds majority. Its functions should include: delegated legislative authority and executive responsibility.

4 'The United Kingdom Government will enact enabling legislation for the process to majority rule. Upon enactment of that legislation Rhodesia will also enact such legislation as may be necessary to the process.

5 'Upon the establishment of the interim government sanctions will be lifted and all acts of war, including guerrilla warfare, will cease.'

The sixth point, on which Mr Smith read an 'agreed summary', provided for 'substantial economic support to be made available by the international community to provide assurance to Rhodesians about the economic future of the country'. This would include a trust fund established outside Rhodesia to organise and finance this assistance. It would also provide, Mr Smith added, that pension rights, the investment of individuals in their homes and farms, and the remittances overseas of an individual's liquid assets (within

levels to be stipulated) would be guaranteed by the interim and subsequent governments, these guarantees to be underwritten by the trust fund.

In introducing the proposals, Mr Smith had stated that they represented a package deal which meant that some terms were more readily acceptable than others. Those on the positive side, he explained, included the undertakings that, as soon as the necessary preliminaries had been completed, sanctions would be lifted and 'terrorism' stopped. His acceptance of the proposals were conditional upon the implementation of both of these undertakings, though, he added, he accepted 'that terrorism cannot be halted at the drop of a hat'. Mr Smith also drew attention to the proposal for an injection of development capital to stimulate the Rhodesian economy, and also the other financial provisions which were designed 'to retain the confidence of the whites'.

Turning to the constitutional aspects of the proposals, Mr Smith declared that the Council of State would be 'the supreme body' of the interim government, and that this, when a vote proved necessary, would take its decisions by a two-thirds majority. Its first function, he added, would be to appoint the Council of Ministers, but its most important duty would be to draw up a new constitution providing for majority rule.

African Reactions

After meeting in Lusaka on 25-26 September, the Presidents of Zambia, Angola, Botswana, Mozambique and Tanzania issued a statement in which they declared that acceptance of the proposals as outlined by Mr Smith would be 'tantamount to legalising the colonialist and racist structures of power'. Instead they called on Britain to convene at once a conference outside Zimbabwe with 'the authentic and legitimate representatives of the people' to discuss the structure and functions of the transitional government and to set it up, to discuss the modalities for convening a full constitutional conference to work out the independence constitution, and to establish the basis upon which peace and normality could be restored in the territory.

Within the ranks of the Rhodesian nationalists, reactions to the proposals have been mixed. While neither of the wings of the divided African National Council has issued formal statements giving its views, both have given the plan some degree of welcome while making clear their disagreement with certain aspects of it. Mr Nkomo, for instance, in contrast to Mr Smith, has stated that real power in an interim government should lie with the Council of Ministers and not the Council of State. On the other hand, spokesmen for the Zimbabwe People's Army (ZIPA) – the guerrillas based in Mozambique – have condemned the proposals, while the Reverend Ndabaningi Sithole, claimed that the plan was designed to install a puppet regime.

British Views

The British Government noted with satisfaction Mr Smith's acceptance of proposals, which were an elaboration of those put forward by Mr Callaghan in March, and in a statement issued on 24 September described it as 'a decisive step forward' and one which offered a real hope of bringing peace to Rhodesia and of averting the threat of intensifying warfare and bloodshed. British Ministers have also welcomed the communiqué issued by the five African Presidents (from which it appeared that they too accepted the principles of a transition to independence on the basis of majority rule and the need for early discussions to establish an interim transitional government). At the same time, they have emphasised their concern that, now the objective of majority rule within two years has been accepted by all the parties concerned, the momentum towards a settlement created by Dr Kissinger's mission should not be allowed to falter. The British Government, Mr Callaghan said on 28 September, wanted 'to see the interim government set up rapidly, say within four to six weeks', pointing out that once this had been achieved there could be no going back for the Smith regime.

To facilitate the rapid establishment of an interim government, Mr Crosland announced on 29 September that, in response to the requests of all the parties concerned, Britain had decided to convene a conference to discuss the formation of an interim government. The main onus for reaching agreement at the conference, Mr Crosland added, would rest with the parties directly concerned, but Britain would do all it could to help. This included, Mr Crosland had indicated on a previous occasion, taking the necessary legislative action to establish the interim government.

On the day before Mr Crosland's statement, Mr Edward Rowlands, Minister of State at the Foreign and Commonwealth Office, had arrived in Southern Africa to discuss with various African leaders the arrangements for holding a conference. Mr Rowlands, accompanied by Mr William Schaufele, United States' Assistant Secretary of State for African Affairs, had separate meetings with four 'front line' presidents, the South African Foreign Minister and Mr Smith. They also saw representatives of the various nationalist movements as well as other representatives of European and African opinion in Rhodesia. The major issue was the date and venue of the conference. Mr Rowlands returned to London on 6 October.

[For background see Factel No 668 *Rhodesia*, October 1976, issued by Reference Division, Central Office of Information.]

Prime Minister's Visit to Canada

The Prime Minister, Mr James Callaghan, paid an official visit to Canada from 11 to 18 September. The central point of the visit was two days of talks in Ottawa with the Canadian Prime Minister, Mr Pierre Trudeau. While there were no outstanding problems between the two countries requiring resolution, the two Prime Ministers had wide ranging talks which included discussion of economic problems, East-West relations, relations between developed and developing countries, Southern Africa and the Commonwealth Prime Ministers' meeting

planned for 1977. During his visit Mr Callaghan saw many parts of the country and spoke to Government ministers and provincial premiers.

SPEECH IN TORONTO[1]

In a speech given in Toronto on 14 September Mr Callaghan said that his visit was intended 'to symbolise Britain's recognition of Canada as a country of great and growing significance in world affairs'. The purpose of his visit, he said, was 'to strengthen the partnership' between Canada and Britain.

World Economy

In the course of a review of the current state of the world economy, Mr Callaghan said: 'It will be important to ensure that all our countries maintain a rate of economic growth that can be sustained in the longer term. Both Canada and Britain must play an active part in international discussions to achieve this end.' He stated that in his talks in Canada and in the European Council (one of the regular meetings of the heads of State or of Government of the member countries of the European Community) he would be laying great stress on the importance of the continuing task, in international discussions, of finding lasting solutions to the problem of unemployment.

Referring to the Conference on International Economic Co-operation (see pp 18-21), Mr Callaghan said: 'We owe a considerable debt of gratitude to Canada for providing a joint chairman of the conference in the person of your Secretary of State for External Affairs, Mr MacEachen,[2] and for his skilful and patient co-chairmanship. We are particularly glad that the conference has now got back to work and we attach great importance to a satisfactory conclusion to the conference in December.'

European Community

The Prime Minister did not think that Britain's membership of the European Community had weakened its relationship with Canada. He added: 'Indeed we warmly supported, and gave every encouragement to Canada to become the first developed country to reach an agreement of commercial and economic co-operation with the European Community [see p 317]. But we naturally do not wish to see the Community supplant our relations with you, based as they are on our historic ties and our close personal relationships.'

Anglo-Canadian Economic Co-operation

Mr Callaghan said that Britain would continue to look to Canada 'as a secure economic and industrial partner, a secure source of supplies of all kinds', not only the traditional food and raw materials but also industrial products. 'In the field of aero-engines there is a prospect of doing worthwhile business and we also see prospects for co-operation between your Department of Energy and Mines and our own National Coal Board which has developed new coal-producing equipment and new and different techniques for coal utilisation. The British Government is encouraging British industry to develop further its trade with your stable and expanding market, not only in Eastern Canada, but also in Western Canada. We are ready to explore with you co-operation in all industrial fields that can be of mutual benefit, for our countries have a common understanding and a common outlook.'

Nuclear Problems

The Prime Minister pointed out that both the British and the Canadian Governments shared 'a deep commitment to containing the dangers of further proliferation of nuclear explosives'. 'We both act responsibly as nuclear exporters and accept safeguards on our civil nuclear installations', he continued, 'and we hope soon to conclude a new arrangement with you to cover civil nuclear transfers. There is considerable nuclear co-operation between the two of us in a field in which we are amongst the world leaders [see p 281, 1974]. It is our desire that this co-operation should develop to the benefit of both our nations. We hope that eventually all countries will realise as you and we have done that the acceptance of international safeguards of the full nuclear fuel cycle is the best way to build up international confidence in a world regime that will prevent proliferation and so ensure the safety of the next generation.'

[1] This summary covers only those parts of Mr Callaghan's speech which relate to Canada. Mr Callaghan also dealt at length with other British and international topics.

[2] Mr MacEachen has subsequently relinquished his External Affairs post and has become President of the Privy Council and Leader of the House of Commons.

Shorter Notes

VISIT OF THE FOREIGN MINISTER OF THE GERMAN DEMOCRATIC REPUBLIC

The Minister of Foreign Affairs of the German Democratic Republic (GDR), Herr Oskar Fischer, paid an official visit to London on 6 September. During this, the first visit to Britain by a Foreign Minister of the GDR, Herr Fischer had talks with the Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland, which were also attended by the Minister of State at the Foreign and Commonwealth Office, Lord Goronwy-Roberts. The Ministers reviewed the state of political, economic, trade and cultural relations between Britain and the GDR and exchanged views on a number of international matters of common interest, including East-West relations and *détente*. Both sides agreed that trade between their two countries was not at a sufficiently high level and decided that efforts should be made to redress this.

After their discussions, which took place in a friendly atmosphere, Herr Fischer and Mr Crosland took part in the formal ceremony of the exchange of

instruments of ratification of the Consular Convention between Britain and the GDR signed in May (see p 300).

PORTUGAL'S ACCESSION TO THE COUNCIL OF EUROPE

Portugal became the nineteenth member of the Council of Europe on 22 September when the Portuguese Foreign Minister, Dr José Medeiros Ferreira, deposited the instrument of accession with the Council's Secretary-General in Strasbourg. At a news conference in London on the same day the Foreign and Commonwealth Office spokesman stated that the British Government warmly welcomed Portugal's entry to the Council. It was, he said, an important mark of international recognition for Portugal's successful introduction of democracy and a source of very great satisfaction to Portugal's friends and allies.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Economy

In a debate on the economic situation on 11 October (*Hansard*, cols 36-170) the Chancellor of the Exchequer, Mr Denis Healey, gave an account of the background to recent Government decisions on monetary measures and the application to the International Monetary Fund. He also announced improvements to the National Savings movement, designed to make a 'useful contribution' to the financing of the public sector borrowing requirement (PSBR) and to enable the small saver to share in the benefit of recent rises in interest rates.

The World Context

In the world economy as a whole, Mr Healey said, there had been a slackening in the rate of growth of output and of trade. The worry that the world recovery might be proceeding too fast had now largely given way to fears about the continued strength of the upturn. In all the leading industrial countries the growth rates in the second quarter of 1976 had been below those in the first quarter. The reductions in unemployment seen in many countries earlier in 1976 now seemed to have been checked or reversed, at least temporarily. Yet Governments world-wide were still worried about the threat of inflation. The decline in consumer prices seemed to be decelerating in most countries. In recent weeks interest rates had been raised in France, Italy, Sweden and Denmark. Moreover, the Chancellor said, France and Italy, among a number of other countries, had introduced comprehensive counter-inflation programmes.

Progress in Britain

Until very recently, Mr Healey continued, Britain had been moving steadily towards the Government's original target of single-figure inflation by the end of 1976. 'That this target is now out of reach is not due to our labour costs rising more sharply than provided for in our pay policy. On the contrary. It is the consequence of the sharp rise in commodity prices earlier this year, which has affected inflation in many other countries, particularly France, in recent months, and of the rapid depreciation of sterling.' (See p 393.)

The estimates of industrial production up to July suggested that the underlying trend of industrial output was still rising, although somewhat less than previously thought. The growth that had occurred was concentrated in the manufacturing sector. The increase in manufacturing production had already led to an increase in employment in manufacturing industries, starting in June, and it was this increase, Mr Healey said, that was one of the indications that the priority the Government was giving to manufacturing industry was already having an effect. On total unemployment there were signs that the seasonally adjusted figure for the whole of Britain (excluding school leavers) was now rising, if at all, only very slowly.

The Chancellor said that the record on the competitiveness of British exports was an encouraging one.The overall increase in export volumes in the 12 months to August had been well over 10 per cent, while exports of chemicals, metals, principal metal manufactures and other manufactures had all risen more than 20 per cent. Since these increases had taken place in a period when national output rose far less, they represented a substantial shift of gross domestic product (GDP) into exports, and this was one of the basic objectives of the Government's economic strategy.

Public sector expenditure was now levelling off as forecast, Mr Healey continued, and following the measures announced in July (see pp 325-8) it was due to fall somewhat in real terms in 1977. Thereafter it would take a steadily reducing proportion of available resources. The Government would give priority to support of its industrial policies within the total of public expenditure available.

Overall, the Chancellor claimed, 'apart from the unexplained dip in the growth of output in the summer months, reflected in the slower growth of export volumes in the same period, the evidence which has become available since July suggests that the real economy is developing in line with our strategic objectives ... It is these hard facts of economic performance which have led to so many foreign observers, like Chancellor Schmidt and the Dutch Finance Minister, to argue that sterling is under-valued'.

Borrowing Requirement

Following the arrangement of the $5,300 million standby credit in June (see pp 247-8) the Government had taken steps to ensure that the public sector borrowing requirement was steadily reduced so as to control the pace of monetary growth and leave room for the necessary increase in exports and productive investment. The July measures had

been designed to reduce the borrowing requirement from an estimated £11,500 million this year to £9,000 million or less in 1977-78. Measured as a percentage of GDP at current market prices this represented a reduction from about 9 per cent to about 6 per cent next year. General Government financial deficit, an alternative concept often used by other countries and in international comparisons, would be halved from just over 6 per cent of GDP this year to 3 per cent next year. Mr Healey said that the size of the general Government deficit this year and the rate of reduction planned were fully in line with what the Government knew of other countries' plans.

Mr Healey recalled that he had also made clear that the PSBR should be financed in a way which would not refuel inflation. He had indicated that the increase in money supply as broadly defined, M3, during the current financial year should be in the region of 12 per cent. It had become apparent in recent weeks, he said, that sales of Government stock were not being achieved on a scale sufficient to ensure that monetary expansion would keep to the guideline. Furthermore, bank advances had shown a rising trend. This increase seemed to be associated in some degree, he said, with the financing of leads and lags and may also have been used to finance more imports than would be justified by the present and prospective rate of consumer spending. 'In other words, excess liquidity in the banking system may have been operating not only to jeopardise our objectives for the growth of money supply but also to undermine the needed improvement in our balance of payments.' It was probable, the Chancellor felt, that foreign concern about Britain's ability to control the money supply had been a major factor in the recent pressures on the exchange rate (see p 393). There had been a fall of some 12 cents between 8 September and 6 October and this in turn had had its effect on the sales of Government stock [gilt edged securities or 'gilts'] and thus on the prospects for the money supply, producing further pressure on the exchange rate. The relatively high level of liquidity in the economy, as investors had held off moving into long-dated Government stock in the expectation of further Government measures, had simply confirmed overseas opinion in its view that monetary expansion in Britain was proceeding too quickly. It was for this reason that the minimum lending rate was raised from 11·5 per cent to 13 per cent on 10 September and a call for special deposits with the Bank of England of 1 per cent of all eligible liabilities from all banks (other than those in Northern Ireland) and from deposit-taking finance houses had been announced on 16 September. As a result of these measures the Government had been able to sell a 'very substantial' amount of stock.

National Savings

Mr Healey announced that, in addition to the new gilt issues, the Government was improving the terms offered to the small saver on National Savings. There would be a new national savings certificate with a value of £5 rising to £7 over four years. Certificates would be on sale for a limited period, from their issue in December to March, and there would be a maximum holding of £1,500. The rates of interest paid on National Savings Bank accounts would be increased from 1 January 1977. The rate on ordinary accounts would be increased from 4 to 5 per cent and on investment accounts from 9 to 10 per cent.

In next year's Finance Bill the Government would be introducing provision to make a corresponding increase in the amount of tax-free interest on National Savings Bank ordinary accounts and Trustee Savings Bank ordinary deposits from the first £40 to the first £50.

Monetary Measures

The Chancellor went on to explain the purpose of additional monetary measures announced on 7 October by the Bank of England with his approval [the raising of the minimum lending rate (MLR) from 13 per cent to 15 per cent together with the suspension of the formula by which the MLR was normally calculated (see p 478, 1972) until such time as it was capable of being applied without reduction in the rate which had now been established; and a further call for special deposits (see p 450, 1973) of 2 per cent of eligible liabilities from all banks (other than those in Northern Ireland) and from deposit-taking finance houses. Banks and finance houses were reminded that they were required to observe strictly the terms of the Bank's July notice about the direction of their lending (see p 328)].

These measures had been necessary, the Chancellor said, 'to validate the economic strategy' presented in July 1976. They should limit the growth of money supply to the guidelines contained in that strategy and should ensure that Britain did not exceed the projected rate of domestic credit expansion outlined in December (see p 30). The measures would make it 'considerably more difficult and expensive' to obtain the sterling necessary to finance leads and lags or excessive imports, but the Government hoped, by renewing the Bank of England's directional guideline, to ensure that productive industry would not be bearing the brunt of credit restraint. It was, however, quite wrong to suggest that the high levels of interest rates meant the abandoning of all the Government's hopes for a rapid increase in manufacturing investment and output. 'We do not want interest rates to continue at this high level and we hope that once the money supply is back on course any effect which the squeeze may have should not carry through to investment intentions.' The bulk of manufacturing investment in fixed capital was drawn from a company's own resources, Mr Healey said. Where external borrowing was required, the rate of interest was usually less important than the degree to which capacity was already fully used and the manufacturer's prospects for the future. The continuing pressure of export demand on existing capacity was likely to ensure that the investment intentions already declared in so many surveys were carried through in fact.

In sum, the Chancellor concluded, the recent measures that the Government had taken to tighten credit and to ensure that its published guidelines for growth in the money supply were met in the current year were a necessary element for the fulfilment of its economic policies. They did not put the Government's industrial strategy at risk.

IMF Application

It was on the basis of this 'broad stance of policy' that the Chancellor had announced on 29 September that he had informed the Managing Director of the International Monetary Fund of his intention to apply for Britain's remaining credit tranches from the fund. [These credit tranches amount to Special Drawing Rights (SDR) 2,100 million and there is also a temporary 45 per cent increase in quotas agreed in January 1976, which applying also to the first credit tranche, adds a further SDR 1,260 million. The total of SDR 3,360 million is worth some £2,300 million.]

Mr Healey said that the Government believed that it was prudent to make this application in order to ensure that the drawings on the June standby credit could be repaid and that the external deficit could be financed in the coming year without undue strain on the reserves. He expected a team from the fund to visit London early in November for the usual joint examination of prospects with the Treasury and the Bank of England. These and subsequent consultations would not be completed until towards towards the end of December. Repayments of amounts drawn under the June arrangements were due on 9 December and would be met from reserves which would then be replenished from the initial IMF drawing.

The Chancellor said that he had been greatly encouraged by the response of Governments of other countries to the application, and particularly appreciated the 'warm remarks of the leaders of the American and German administrations' because those two countries would be important contributors under the general arrangement to borrow. [As noted by Lord Peart, in the course of his speech on 4 October (see p 393) Herr Poehl, State Secretary at the Bonn Finance Ministry, had been reported (by Reuters) as saying at a briefing ahead of the IMF meeting in Manila 'that the recent steep decline in sterling value had clearly been overdone. He said sterling had undergone erratic fluctuations which far exceeded what would be justified by actual economic indicators.' Herr Poehl had said this, Lord Peart explained, while promising his Government's support for Britain's application to the IMF. President Ford had also promised American support and Mr Simon, the United States' Treasury Secretary, had said at the IMF meeting in Manila that he regarded Britain's policies as courageous and a good start towards restoring stability.]

The basic condition for the granting of the type of assistance requested from the IMF was that the applicant country must present a satisfactory programme of policies to ensure restoration of its balance of payments. This, the Chancellor said, was the objective of the Government's present policies. He said that he had emphasised both the determined maintenance of these policies and, within the framework which they set, the need to make such adjustments as events might require from time to time. Painful as they might be, the Government would make such adjustments if they proved necessary. If further developments were to threaten any of the Government's objectives 'we would not hesitate to take any measures which were required to keep our policy on course . . . The key to the success of all our economic policies', the Chancellor continued, 'is the preservation and development of the social contract between the Government and the trade unions and the improvement of our industrial performance to which the Confederation of British Industry, the Trades Union Congress and the Government have pledged themselves collectively in the industrial strategy which is being developed through the National Economic Development Council.' The social contract had won universal admiration from Britain's friends abroad.

Concluding, Mr Healey said that it was already clear that 'if we are to maintain the necessary rate of progress we shall have to accept in the coming year at least some further fall in the real incomes of the British people as a whole. But we are now beginning to see, not only in the broad magnitudes of trade and output figures, but in individual plants – factories up and down the country – that we are beginning to get the results that we need.'

The Prime Minister

Winding up for the Government, the Prime Minister, Mr James Callaghan, emphasised that Britain must pursue policies 'very steadily'. It must pursue the social contract, and an incomes policy. It must build up manufacturing industry and it must keep public expenditure 'in bounds'. Above all, he said, the Government had tried to preserve social cohesion. Mr Callaghan summarised some of the achievements of the economy and of Government policies already mentioned by Mr Healey. Inflation was down, he said. The new pay agreements were already working and more than 1·5 million people had accepted them. Public expenditure had levelled off. Savings were high. Manufacturing investment, based on intentions made before the increase in the minimum lending rate, and those intentions would depend on how long that rate lasted, was estimated to rise by between 15 and 20 per cent next year. Employment in manufacturing industry had started to increase in June. The public sector borrowing requirement would come down from 9 per cent of the GDP to 6 per cent next year. With the oil resources which Britain was developing the sensible policy for the Government and for the country to pursue was to reduce PSBR as a percentage of GDP and to bring it down over a period over the next two to three years.

Explaining why there was no need to depart from the Government's overall objectives Mr Callaghan said that 'the indicators today are all pointing in the right direction'. In answer to a question he said that it was important and essential that the minimum lending rate should not stay at its present level for a moment longer than necessary.

Opposition Views

Both Mrs Margaret Thatcher, the Leader of the Opposition, and Sir Geoffrey Howe, chief Opposition spokesman on Treasury and economic affairs, called for substantial cuts in public expenditure. Sir Geoffrey Howe said that money supply should be brought under proper control to restore a 'proper balance' in the economy – not by higher taxes, endless Government spending and very high interest

rates but by making 'inescapable' cuts in public expenditure. He called on the Government to set aside every policy and every action which was not directed to the restoration of national solvency and to reduce every aspect of Government spending except defence, the police and help to those in real need. The nation was ready to recognise the harsh realities of Britain's position.

STERLING

A statement on the recent depreciation of sterling was made by Lord Peart, the Lord Privy Seal, in the course of a speech in the House of Lords on 4 October (*Hansard,* HL, cols 821-33).

Lord Peart said that sharp pressure had developed on sterling early in September, particularly because of the likelihood of a seaman's strike.[1] It was not appropriate or practicable to stand out in all circumstances against strong but temporary market pressure and the authorities had allowed the rate to fall below $1·77=£1. After falling to $1·735=£1 it had recovered a little and then had fluctuated around $1·74=£1 for some time. In the last week of the month, however, renewed pressure had developed and the rate had fallen to a new low level of just over $1·63=£1 on 28 September.

Recalling his statement to the House of Lords on 29 September (*Hansard,* HL, col 400), Lord Peart said that he had been able to refer to the better atmosphere on that day, following the announcement of the Government's intention to apply for a standby credit from the International Monetary Fund (IMF). He was pleased to be able to say that this improved atmosphere had continued with the rate normally fluctuating around $1·67=£1.

As the Prime Minister and the Chancellor had made clear since, he continued, the Government was not going to the IMF to borrow to finance any sort of consumer boom; the Government was going to make use of the credit to finance its programme of investment and industrial regeneration. What conditions the IMF attached to the loan would have to be discussed and in the last analysis, he said, the terms on which they offered a credit were up to them. The Government was going to them in the confidence of shared objectives – a shared wish to see Britain paying its way and prospering again.

Lord Peart said that a fundamental factor governing exchange rates in anything but the short term was the relative rates of inflation. Britain's, he said, was no longer the highest. On the latest available three-month period it was well below that of Italy or the Irish Republic, and of the same order as the inflation rates of Japan and the Netherlands. One could not have inferred that from the recent behaviour of the exchange rates, he commented.

[1] The strike threat followed submission by the National Union of Seamen of a £6 pay claim considered by the TUC and the Government to be contrary to the pay policy. The seamen's leaders subsequently renegotiated with the employers a settlement accepted by the TUC and the Government as being in accordance with the policy, and the strike threat was called off on 22 September.

British Statement at the IMF

In his speech to the Joint Annual Discussion of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) in Manila[1] on 5 October, Sir Douglas Wass, Permanent Secretary to the Treasury and alternate Governor of the IMF for Britain, spoke about the world economy, Britain's economy, the IMF, and the IBRD.

World Economy

It was of paramount importance that the world economic recovery be sustained, Sir Douglas said. Growth had faltered a little in the main industrial economies in mid-1976. Provided it was temporary, however, this might mean that in the longer term the pace would be steadier and the advance accordingly more stable and more sustained. On balance that still seemed to be the most reasonable view. However, if the pause in the recovery continued, corrective action would need to be taken by those countries whose balance of payments enabled them to do so.

Recent events had shown that inflation was one of the most virulent threats to economic growth and economic health, he went on. A decade ago it might have been possible to hold the view that the choice of policy-makers lay between growth with inflation or stagnation with price stability. That view now lay in ruins. Inflation on the scale countries had suffered in the past four years had proved to be the canker of their economies, destroying confidence in consumers and producers alike, depriving business of cash and creating social tensions.

Sir Douglas called on the meeting to remember, in the concern to combat inflation, that the present high levels of unemployment were a source of great anxiety for all Governments. No one could be complacent about the extent and scale of the problem if it were to persist, and by common consent it seemed that in most countries there was little prospect of an early return to the levels of unemployment which had prevailed in the 1960s. 'This is a challenge to economic management, to the will and discipline of our peoples and to co-operation between Governments', he declared.

Sir Douglas also drew attention to the need for all the industrial countries to contribute to the adjustment process. Those still in deficit had to continue their efforts to return to balance, while those industrial countries enjoying a strong balance of payments position had to be prepared to allow their surpluses to be run down and to avoid any action which retarded the adjustment process. There was no practical alternative to this; the only other major surplus countries were oil producers, whose aggregate surpluses seemed likely to continue for some time. He said that there should be no question of the industrial world as a whole improving its balance of payments at the cost of further detriment to those countries that were not oil producers.

[1] The discussions in Manila, and the Annual Report of the IMF, will be covered in a future issue of *Survey of Current Affairs.*

British Economy

Turning to the British economic situation, Sir Douglas said that the Government had given priority to reducing inflation. There was no unique way of defeating inflation because inflation did not have a unique cause and no one could claim to understand fully the causal mechanism. In Britain, however, it had become clear by 1975 that the main cause of inflation had been the excessive growth of employment incomes. Policy to deal with inflation had therefore been concentrated directly on this factor. The policy of pay restraint which had been adopted in the middle of 1975 and which had now moved into a second and tougher phase (see pp 246-7) had not been something devised and imposed upon the country by the Government. It had arisen from a reaction within the trade union movement and within the country generally against the excessive increase in wages, and out of recognition of the damage which inflation inflicted on the economy. That was its strength. He said that the ability of organised labour in a free society to exercise such a large degree of self-discipline provided remarkable evidence of the growing understanding of the truth of his earlier comments. However, just as inflation did not have a unique cause, so a policy of incomes restraint alone was not enough. It had to be accompanied by strict monetary and fiscal policies. In 1976, despite a continued rise in unemployment, Britain had taken steps to tighten both monetary and fiscal policies. For the past two financial years the money supply on the broad definition had grown at only about 10 per cent, well below the rate of growth of nominal incomes. For this financial year the Government had indicated that the rate of growth should be no more than 12 per cent. As other countries had found, there were bound to be month-to-month fluctuations but recently, after a very moderate growth earlier, there had been some acceleration which had given cause for concern. New measures had therefore been taken in September: interest rates, both short and long, had been moved upwards, and further special deposits (see p 450, 1973 and p 391) had been called to restrict bank liquidity. This had set the stage for successful open market operations and the very large sales of Government bonds which had been made in late September would have an important moderating effect on monetary expansion.

Britain had also substantially tightened fiscal policy. Although its public sector deficit was, as in other major countries, swollen by the effects of the recession – lower tax revenues and higher unemployment benefits – these factors did not fully account for its excessive size. The deficit could not be allowed to continue at present levels, Sir Douglas said, and it was of paramount importance that it should be sharply reduced as recovery started. To this end, measures had been introduced in July (see pp 225-8) to reduce the prospective borrowing requirement by £2,500 million or from 9 per cent of gross national product in the financial year 1976-77 to 6 per cent in 1977-78.

This had been a very substantial move at a time of high and rising unemployment, with economic recovery still in its early stages. It had been necessary, however, to enable the shift of resources into the balance of payments and investment to take place. This was the heart of the Government's strategy. Britain was still running a large balance of payments deficit on current account, a problem which had been exacerbated by capital outflows and by the weakness and instability of sterling, particularly in the last few weeks. Britain also suffered from too low a rate of industrial investment, he said. The Government was determined to secure the necessary improvement in Britain's external accounts and to ensure that expansion would be led by exports and investment. For this purpose, the cuts the Government had made in the public sector deficit would provide the room, while Britain's strong competitiveness and the Government's industrial strategy should be the motive force.

To help Britain finance its current account deficit while the process of adjustment was being completed the Government was applying for a drawing of Britain's credit tranches in the fund (see p 392).

International Monetary Fund

Turning to the IMF and the international monetary system, Sir Douglas said that much had happened in the past year and that more had been learned about how floating exchange rates worked in the contemporary world. The limits on the ability of Governments to manage exchange rates in the face of the market pressures were more fully understood. However, the role of the fund in this matter had yet to be defined more precisely; in particular, how it was to exercise the task of 'firm surveillance' which would be imposed upon it by the amended Articles (see p 71). Sir Douglas believed that the process must be pragmatic. Britain wished to see the IMF play a central and constructive role in the question of exchange rates. It would be better, however, to begin modestly and build up the role of the fund gradually than to attempt too much at the start, he said.

As for the fund's resources and the question of international liquidity, this was a subject which would require much thought in the coming months. The financial position of the fund in the short term was not unsatisfactory. However, new measures would have to be considered if demands for the fund's resources developed more strongly than foreseen at present.

It was a matter for concern that relatively little use had been made recently of the drawing rights upon the General Account in the fund and Sir Douglas said that he thought the reasons for this needed to be examined further. This was something that should be looked at in connection with discussions about the next quota review, which he believed should begin before long.

World Bank Group

Speaking about the affairs of the World Bank Group and the problems of the developing world, Sir Douglas said that issues of great moment confronted the meeting. In recent times new techniques had been devised for channelling resources to developing countries and some of these had played a useful role. The need was not technical ingenuity,

however, but the will on the part of those who could afford it to provide more resources.

Sir Douglas said that he wished to state quite unequivocally that Britain desired a speedy decision to replenish the International Development Agency (IDA) and wished to work constructively with other donors to this end. Britain wished to see a replenishment on a scale which would go substantially beyond the real value of the IDA's resources of the fourth replenishment. Despite Britain's economic difficulties it was prepared to maintain its existing share of resources to be contributed by the traditional donors. Britain hoped and expected, however, that there would be new donors also. The oil-rich countries were already channelling substantial amounts of capital to developing countries through various mechanisms, Sir Douglas noted, and he saluted their magnanimity. The IDA was one of the most effective forms of development assistance and Britain hoped and believed that more of the wealthy countries belonging to the Organisation of Petroleum Exporting Countries would play their full part in this essential means of bettering the life of the millions who lived in abject and squalid poverty. One immediate task was to surmount the difficulty of effecting the transition of the fourth to the fifth replenishment of the IDA. To bring this about Britain wished to see early discussions on the means of avoiding a gap in commitment authority next year.

Britain also believed that it was of great importance that the IBRD should be financially strong enough to be able to borrow increasing amounts of capital on acceptable terms on the world's capital markets. The prospects of future growth, which would depend on the bank's financial strength, had not to be sacrificed by mistaken policies in the field of interest rates and lending terms – policies which would lead to a drying up of the flow of money into the developing world. The suggestions from some quarters that the IBRD should become more of an aid agency and less of a development finance institution were short-sighted. They would mean that the bank would be less sure of access to the world's capital markets from which much larger amounts of capital were likely to be available than through governmental aid channels.

However, it was the role of Governments to provide the IBRD with the capital base which it needed as a foundation for sound and orthodox borrowing. A situation in which the growth of the IBRD's lending programme was halted by an inadequacy of capital and reserves could not be tolerated for long and means should be explored to enable it to avoid a fall in real terms in its new commitments in the financial year 1978. Of much greater importance, however, was the need to embark soon on a discussion of a further increase n the capital of the IBRD, and a much large r increase than the last one, which should give it room for manoeuvre for a good many years to come. It should be the aim to obtain agreement on this to come into effect no later than the financial year which would begin in mid-1978.

Sir Douglas concluded by saying that despite the importance of the enlargement of the IBRD's capital, the critically urgent task was to proceed rapidly with the replenishment of the IDA and Britain hoped that this message would emerge as the clear view of the annual meeting.

National Income and Expenditure

The National Income and Expenditure 'Blue Book'[1] containing statistics of national income, expenditure and output for the years 1965 to 1975, with some figures going back to 1954, was published on 10 September.

Prepared annually by the Central Statistical Office, the Blue Book is the standard work of reference for detailed information about Britain's national accounts, providing data about the main aspects of the country's economic activity such as production, consumption, incomes, saving, investment and financing.

The present volume contains several new tables and additional series relating to capital stock. Estimates of retirements of fixed capital, that is of the value of fixed capital stock going out of use each year, analysed by industry group at current and constant prices, are published for the first time. Fixed investment *less* retirements, the net increase in gross capital stock, is also shown for the first time and provides information about changes in the output potential of the stock of fixed capital in different industries.

Among developments reflected in the figures for 1975, gross domestic product (GDP) fell by 2 per cent, the largest fall since the 1930s; real disposable income fell by a smaller amount (0·5 per cent) because of an improvement in the terms of trade between 1974 and 1975; and the volume of goods bought for consumption was down by between 0·5 and 1 per cent, largely because of a high level of savings.

Gross National Product

In 1975 Britain's gross national product (the total income of residents) was £94,000 million. The average per head of population was £1,680 compared with £1,340 in 1974. This increase was more than accounted for by rises in pay and prices and real output of goods and services fell by 2 per cent. This fall was in contrast to the longer-term average annual increase of 2 to 2·5 per cent between 1965 and 1974.

Between 1974 and 1975 gross national disposable income at constant market prices (the volume of goods and services available to the nation from its disposable income)[2] fell by 0·5 per cent, a smaller fall than in the real product reflecting an improvement in the terms of trade. Compared with 1973, however, real national disposable in-

[1] *National Income and Expenditure 1965-75.* Central Statistical Office. HMSO, £3·50. ISBN 0 11 630151 1.

[2] Gross national disposable income is gross national income before deducting capital consumption *less* net current transfers abroad.

Table 1
Expenditure: Percentage Changes 1965-75

	Current Prices			Constant Prices		
	1965 to 1973*	1973 to 1974	1974 to 1975	1965 to 1973*	1973 to 1974	1974 to 1975
Consumers' expenditure	8·9	15·1	22·3	2·9	–0·9	–0·7
Public authorities' current expenditure on goods and services	10·5	23·7	38·2	2·4	1·9	4·7
Gross domestic fixed capital formation	10·2	17·6	23·3	3·3	–1·9	–1·2
Exports of goods and services	12·5	32·6	16·5	6·4	7·2	–3·4
Total final expenditure	10·0	19·8	21·1	3·5	0·2	–2·4
Imports of goods and services	13·2	44·0	5·7	6·7	0·3	–6·6
Expenditure GDP at factor cost	9·3	15·9	26·7	2·7	0·4	–1·3

*Annual average.

come was 5 per cent lower in 1975 even though real output was only about 2 per cent lower, there being little change in real output between 1973 and 1974. The difference mainly reflects the massive deterioration in the terms of trade between 1973 and 1974 when the exceptionally large increases in oil and other commodity prices occurred.

Expenditure

Percentage changes in the main components of expenditure between 1965 and 1975 are shown in Table 1 at both current and constant prices. The table shows that the larger increases at current prices in the latest years were mainly due to pay and price rises, the increases being much smaller when measured at constant prices. The large rise at current prices in imports in 1973-74 reflects increases in commodity prices, particularly the price of crude oil. In real terms there was a fall of 1-1·5 per cent in expenditure-based GDP in 1975. This fall was also shown by all the major expenditure components except public authorities' current expenditure, which rose by more than 4·5 per cent in real terms.

Factor Incomes

Total domestic income (before providing for depreciation or stock appreciation) rose by 22 per cent in 1975, a larger rise than in 1974, and well above the average rate of increase in earlier periods. Income from employment, the major component, rose by 30 per cent, well above the increase of 21 per cent between 1973 and 1974. Gross trading profits of companies before deducting stock appreciation fell by around 4 per cent between 1974 and 1975 but net of stock appreciation, which fell between the two years, gross trading profits are estimated to have risen by about 7 per cent. This rise follows a sharp fall of 20 per cent between 1973 and 1974. The gross surplus of public corporations (also after deduction of stock appreciation) rose by 19 per cent in 1975, and there was an increase of 15 per cent in rent and self-employment income.

The share of total domestic income taken by profits after deducting stock appreciation fell in 1975 to 6·8 per cent, well below the average of 12 per cent over the period 1965 to 1974. The share of employment income rose to 73·9 per cent in 1975, compared with the average of 68·9 over the period 1965 to 1974.

Output

The output measure of gross domestic product fell by over 2 per cent in real terms in 1975, a much greater percentage fall than in any previous year since 1948, the commencement of the official series. Manufacturing output fell by 7 per cent from an output level in 1974 which had already been adversely affected by the short-time working during the period of the miners' dispute. Following a sharp fall in 1974, construction output fell by a further 5 per cent in 1975, representing an overall decline of 13 per cent from the peak of activity in 1973.There was a sharp fall in agricultural output in 1975, and smaller falls in most service industries, except for insurance, banking and finance, and the public sector services, which recorded increases.

Investment

The volume of fixed investment (gross domestic fixed capital formation) fell by 1 per cent between 1974 and 1975. Private sector investment was down by about 3 per cent but there was a rise of about 1 per cent in investment by the public sector.

The volume of fixed investment by manufacturing industry fell by 14 per cent in 1975, and there were falls in most other major industry groups, including the public services. A notable exception to this general decline was mining and quarrying, in which investment nearly doubled between 1974 and 1975, reflecting a continuing increase in activity in exploration and development for North Sea oil and gas production. Investment in dwellings also increased in 1975, by 7 per cent, having fallen back in each of the previous two years.

The estimated net capital stock of reproducible fixed assets, in which assets are valued at current replacement cost and after the deduction of capital consumption, was about £332,100 million at the end of 1975.

Personal Sector

Incomes and Savings

Table 2 shows the percentage increases in value in the components of personal incomes for the last

Table 2

Personal Incomes: Percentage Changes 1965-75

	1965 to 1973*	1973 to 1974	1974 to 1975
Income from employment	9·3	21·3	29·9
within which, wages and salaries	9·0	20·5	29·2
Income from self-employment	13·1	17·7	10·2
Rent, dividends and net interest	7·0	19·9	13·5
Current grants from public authorities	12·0	22·2	29·6
Total personal income	9·6	20·8	26·2
Taxes on income (payments)	11·3	34·2	44·1
National Insurance etc contributions	11·2	27·2	36·5
Personal disposable income	9·3	18·3	22·3
Consumers' expenditure	8·9	15·1	22·3
Real personal disposable income	3·2	1·9	– 0·7

*Annual average.

Table 3

Consumers' Expenditure: Percentage Distribution 1965 and 1975

	Current Prices		Constant Prices	
	1965	1975	1965	1975
Food* (household expenditure)	22·1	19·1	21·2	18·1
Alcoholic drink	6·6	7·7	6·4	8·7
Tobacco	6·3	4·3	5·9	4·9
Housing	11·3	14·5	12·3	12·7
Fuel and light	4·8	4·6	4·8	4·5
Clothing and footwear	9·2	8·4	8·5	8·9
Purchase and running cost of motor vehicles	7·2	9·3	7·1	8·8
Household durables	4·7	4·6	4·6	5·3
Other goods	9·3	9·9	9·7	10·5
Other services	18·5	17·6	19·5	17·6
Total	100·0	100·0	100·0	100·0

*Excluding meals in restaurants, hotels, etc.

two years, and the average increases over the period 1965-73. Total personal incomes increased by just over 26 per cent between 1974 and 1975. Employment income and current grants from public authorities were the fastest growing components and both increased byn early 30 per cent in 1975. Income from self-employment is estimated to have risen by 10 per cent in 1975, below its average increase over the period 1965 to 1973.

Personal sector payments of taxes on income rose by 44 per cent in 1975, a faster rate than personal income reflecting both the higher tax rates introduced in the 1974 and 1975 budgets, and the effects of fiscal drag (whereby, under a 'progressive' tax system, tax rates applicable to individuals rise with their level of income). National insurance contributions rose by 36 per cent in 1975; consequently the increase in personal disposable income[1] was rather smaller, at 22 per cent, than that in total personal income. Real personal disposable income (measured after adjusting for price increases) is estimated to have fallen by about 0·5 to 1 per cent in 1975, the first year to show a fall since the official series was compiled from 1948.

The increase in consumers' expenditure in value terms was 22 per cent in 1975, the same rise as personal disposable income, resulting in an unchanged savings ratio of 14 per cent. The personal sector's current saving in money terms rose by nearly £2,000 million, and although nearly half of this rise was absorbed by an increase of £925 million

[1] Personal disposable income equals total personal income *less* British taxes on income, national insurance, etc, contributions, net transfers abroad and taxes abroad.

in fixed investment, including investment in dwellings, there was an increase of about £1,100 million in the sector's net acquisition of financial assets, from the 1974 level of £5,200 million, which itself was very high by historical standards.

Expenditure

Table 3 compares the pattern of consumers' expenditure, in both value and volume terms, in 1965 and 1975. Over this period expenditure on food and tobacco declined as a proportion of total expenditure in both value and volume terms, but alcoholic drink increased its share of the total. Expenditure on housing increased its share of the total slightly in volume terms, but more substantially in value terms, reflecting an above-average price increase in this item. There was an increase in real terms in the share of household durables, but little change in value terms, indicating a lower than average rise in prices. The share of expenditure on the purchase and running costs of motor vehicles increased over this period in both value and volume terms.

Companies

Total company income fell by 3·5 per cent in 1975, following sharp increases in the previous two years. Gross trading profits before deducting stock appreciation fell by a similar amount, but if stock appreciation is deducted there was an increase in trading profits of 7 per cent. Rent and non-trading income increased by 7 per cent in 1975, but there was a fall of 11 per cent in income from abroad, where this last movement includes a fall in taxes paid abroad which had risen very sharply in 1974 with the increases in taxes paid to oil-producing states. Total payments of dividends and interest rose by 2 per cent in 1975. Payments of dividends on ordinary shares fell slightly in 1975, the second successive year showing a fall; these payments were affected by restrictions on dividends throughout this period (see pp 149, 172, 1973; 316-17, 1974) and the pattern of payments was also affected by the change in the system of corporation tax (see pp 124, 317, 428, 1974; 196-7, 1975). Payments of interest rose slightly in 1975, due mainly to an increase in building society deposits; bank interest fell in line with a reduction in interest rates. United Kingdom taxes on income were little changed in 1975, having fallen sharply in 1974 with the introduction of stock relief in that year (see p 428, 1974).

The balance of company saving was about £340 million lower in 1975 before deducting stock appreciation and depreciation, but if these items are deducted there was a larger fall in saving of £670 million; this followed a similar fall between 1973 and 1974.

Public Sector

Total public expenditure rose by £12,535 million (30 per cent) in 1975 to £54,465 million at current prices, a similar increase to that between 1973 and 1974. Public authorities' current expenditure on goods and services increased by 38 per cent, although in real terms the increase was about 4·5 per cent. Table 4 shows, for the years 1965, 1970 and 1975, the shares of total public expenditure at current prices absorbed by the main functional and economic categories.

The main feature is the marked decline in the proportion of total expenditure on military defence, in contrast to small increases in the shares of most other categories of expenditure on goods and services. The proportions of expenditure on gross fixed investment and on goods and services for current consumption have declined over the ten-year period, while current grants (such as social security benefits) to the personal sector took an increasing share of the total between 1965 and 1970, but a reduced proportion between 1970 and 1975. The increased share represented by subsidies was mainly concentrated in housing, food and deficit grants to nationalised industries.

Central Government

Central Government receipts on current account increased by 29 per cent in 1975 in value terms. Taxes on income rose by 33 per cent and there was a rise of 36 per cent in national insurance and similar contributions. Taxes on expenditure rose rather

Table 4

Public Expenditure: Percentage Shares 1965-75

	1965	1970	1975
Main functional categories			
Military defence	14·9	11·3	9·5
Transport and communication	4·2	4·1	4·6
Other industry and trade	7·2	8·8	9·7
Housing	6·8	5·8	7·9
Education	11·2	12·1	12·6
National health service	9·0	9·2	9·7
Social security benefits	17·0	17·9	16·4
Main economic categories			
Current expenditure on goods and services	42·7	41·6	42·1
Gross domestic fixed capital formation	19·7	18·8	16·2
Current grants to personal sector	18·4	19·8	18·7
Subsidies	4·0	4·0	7·2

more slowly by 20 per cent, despite increases in excise duties and the introduction of the higher rate of value-added tax on certain categories of goods (see p 197, 1975). Current expenditure by central Government rose in 1975 by 36 per cent, and, within the total, expenditure on goods and services rose by 33 per cent. Subsidies and debt interest payments each rose by about 25 per cent, and there was a noticeably large increase of 61 per cent in current grants to local authorities. The balance on the central government current account deteriorated sharply in 1975, moving into deficit.

Local Authorities

Total local authority receipts rose by 44 per cent in 1975 in value terms, receipts from rates included in this total rising by 31 per cent. Current expenditure on goods and services rose by 46 per cent in 1975, although this comparison is slightly affected by the transfer of health services and sewage disposal from the local authority sector during 1974. Expenditure on education rose by 54 per cent in 1975, reflecting in part the Houghton pay award to teachers (see p 77, 1975).

Public Corporations

The gross trading surplus of public corporations rose by 15 per cent in 1975, in value terms, a smaller increase than in the previous two years, due in part to a reduction in subsidies for price restraint included in the trading surplus. The balance of public corporations' current saving, before providing for stock appreciation and depreciation, increased in 1975 by 8 per cent.

Commonwealth Finance Ministers' Meeting

The 1976 meeting of Commonwealth Finance Ministers was held in Hong Kong on 30 September and 1 October under the chairmanship of Sir Veerasamy Ringadoo, Minister of Finance of Mauritius. Following the meeting a 22-point communiqué was issued dealing with the international economic situation, development assistance, international monetary reform, the new international economic order and institutional co-operation in the Commonwealth.

International Economic Situation

Ministers expressed concern at the grave balance of payments and debt problems which non-oil-producing developing countries were continuing to experience, and agreed that their most pressing task was to assist developing countries to achieve a sustained rate of growth. Without substantial increases in foreign exchange earnings, larger resource transfers and improved financing facilities, many countries would experience a reduction in already unacceptably low living standards. This, the ministers stated, would be contrary to the aim of progressively removing wide disparities in wealth incorporated in the Declaration of Commonwealth Principles (see p 75, 1971). They therefore urged international agencies, and all countries in a position to assist, to provide developing countries with access to the external resources which they needed to attain acceptable rates of development.

In considering the process of economic recovery now under way in the industrialised countries, ministers expressed concern lest a renewal of inflation should prejudice the recovery which was of importance to both industrialised and developing countries. They emphasised, therefore, the importance of sound fiscal and monetary policies.

Ministers stressed the importance of reducing, and where possible removing, restrictions on world trade. They agreed that developed countries should adopt positive measures to enable developing countries to expand their exports of primary and manufactured goods, and that multilateral trade negotiations should take the special needs of developing countries fully into account. They also urged the international community to support the efforts of developing countries to increase co-operation among themselves.

Transfer of Resources

Emphasising the importance of the International Development Association (IDA) to the poorest developing countries, ministers expressed grave concern that no agreement had yet been reached on the IDA's fifth replenishment. They called, therefore, for early agreement on a replenishment which would allow a substantial increase in real terms in IDA lending (an estimate of at least $9 billion was emphasised). They also stressed the need for transitional arrangements to avoid any interruption in IDA operations.

With regard to the World Bank, ministers noted the danger of a progressive decline in real terms in the bank's lending programme, and called for a substantial increase in the bank's capital to prevent this. Many countries also expressed concern that the terms of bank loans had hardened, and called on the bank to examine measures for alleviating the adverse effects of these terms.

Ministers expressed satisfaction that the aid performance of Commonwealth developed countries continued to exceed that of other members of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development. However, noting that aid flows from all DAC countries in 1975, at 0·36 per cent of their combined gross national product (GNP), showed only a marginal increase over 1974, they emphasised the need for the official aid target of 0·7 per cent of GNP to be attained as soon as possible.

International Monetary Reform

Noting the decisions of the Interim Committee of the International Monetary Fund (IMF) in January 1976 (see pp 71-2), ministers agreed on the importance of continuing to pay close attention to the proper functioning of the international monetary system, particularly to questions relating to international liquidity and access to such liquidity. Noting also that the IMF would be able to meet only a part of the balance of payments deficits of the non-oil-producing developing countries, many ministers felt that further steps should be taken to

review the terms of access to, and the adequacy of, existing IMF facilities. In particular, they urged that the question of new issues of special drawing rights (SDRs), and their allocation to developing countries, should be given urgent consideration.

Towards a New International Economic Order

Ministers welcomed the further report[1] of the Commonwealth Group of Experts (see pp 346-7, 1975), in particular its proposals in the important areas of commodities, debt and industrial co-operation. Without committing their Governments to every aspect of the report, ministers endorsed it generally and agreed that its proposals should be given due consideration in framing national and international policies on development.

Noting the work of UNCTAD IV (see pp 285-88), ministers drew attention to the importance of the negotiations on commodities scheduled over the next two and a half years, and also of the need to find solutions to the debt problems facing developing countries.

Commonwealth Functional Co-operation

The continuing growth in the activities and resources of the Commonwealth Fund for Technical Co-operation was welcomed by ministers, and they noted that the planned expenditure of £7 million for 1976-77 would enable the fund to continue to respond speedily and flexibly to requests from Governments for technical assistance, and to increase the transfer of relevant experience from one developing Commonwealth country to another. Ministers also expressed their appreciation of the work of the Commonwealth Secretariat, particularly with regard to trade promotion and development. They invited the Secretary-General to continue his efforts to promote greater intra-regional and inter-regional co-operation within the Commonwealth and between Commonwealth and other countries.

International Coffee Agreement

A new international coffee agreement, the third, came into operation on 1 October 1976. The agreement, negotiated by the International Coffee Organisation (ICO), which has its headquarters in London, has been signed by 62 exporting and importing countries and by the European Community, and will cover most of the coffee traded throughout the world. It is intended to last for six years, though there is provision for its renegotiation in its fifth year of operation.

The principal objectives of the agreement are to achieve a long-term balance between supply and demand which will assure adequate coffee supplies at prices fair to consumers and remunerative to producers, and to avoid excessive fluctuations in the levels of world supplies, stocks and prices. It is also designed to contribute to the development of productive resources and to the promotion and maintenance of employment and income in the signatory countries, and to increase the purchasing power of coffee-exporting countries.

The agreement, which is similar to that concluded in 1968, provides for quotas which would limit the amount of coffee to be exported by each producer when coffee prices are depressed. These will operate on a two-tier system, with a fixed proportion of 70 per cent based on previous export performances and a variable proportion of 30 per cent dependent upon stock levels held in each country. The agreement incorporates automatic price-control mechanisms which will bring the quotas into operation if there are price changes of more than a certain amount.

Britain, together with other importing countries, has agreed that, during non-quota periods, although there will be unlimited access for coffee, its entry will be conditional upon the presentation by the importer of a Certificate of Origin issued by the exporting country or a completed Import Return Form. This is to enable the ICO to provide accurate statistics of the trade in coffee between members over the initial non-quota period (prices are currently at a level at which quotas would not apply), and thereby be able to calculate quotas, when they are applied, on the exports recorded in the first two years of the agreement.

Industrial and Regional Development

OPERATION OF THE INDUSTRY ACT 1972

The fourth annual report on the exercise of powers under the Industry Act 1972[1] was published on 17 September 1976.

Financial aid continued to be directed mainly towards the assisted areas – those parts of Britain, mostly in the north and west, where preferential assistance is offered by the Government to encourage industrial development and the movement of office and other service employment. Payments of regional development grant during the year totalled £325 million and offers of regional selective assistance amounted to £76 million. However, activity under section 8 of the Act, which provides for financial aid in both the assisted and the non-assisted areas, increased considerably.

Increased Assistance

The report notes that increased provision for financial assistance to industry under the Act was announced in *Public Expenditure to 1979-80*, a White Paper presented to Parliament in February 1976 (see pp 110-13). Against this background the Government reviewed the principles to be adopted in considering applications for financial assistance (see p 75). The revised principles are set out in an appendix to the report.

[1] *Towards a New International Economic Order*. A further report by a Commonwealth Experts' Group. Commonwealth Secretariat, Marlborough House, London.

[1] *Industry Act 1972*. Annual report by the Secretaries of State for Industry, Scotland and Wales for the year ended 31 March 1976. HMSO, £1·35. ISBN 0 10 261976 X.

Transfer of Powers

The introduction records that the report is the first to be presently jointly by the Secretaries of State for Industry, Scotland and Wales, following the transfer in July 1975 of certain powers under the Act and under the Local Employment Act 1972 to the Secretaries of State for Scotland and Wales (see p 407, 1975). The Secretaries of State's powers under these Acts may be exercised through the Scottish and Welsh Development Agencies which were set up in December 1975 and January 1976 respectively (see pp 106-7, 1975).

The report also notes that the statutory limit on sums paid and liabilities under section 8 (see below) was raised to £350 million in January 1976, and sets out the effects of the Industry Act 1975 (see pp 486-7, 1975) on certain provisions of the 1972 Act.

Support for Industry in the Assisted Areas

During the year applications were received under sections 1-6 of the Act for regional development grants covering some £1,700 million of capital expenditure. The sum paid in grant was £325 million, which formed the bulk of direct incentives to industry in the assisted areas. Of this sum, £235 million was for plant and machinery and for mining works, and £90 million was for buildings and works. Grants paid for investment in Scotland totalled £98 million, and in Wales £47 million.

The Grants Office continued to deal with investment grants under the Industrial Development Act 1966 in accordance with the arrangements for terminating the scheme. Payments totalled nearly £71 million, about two-thirds of them relating to shipbuilding.

Under section 7 of the Act, which provides for regional selective assistance, loan and grant incentives to the value of £76 million were offered during the year. They related to 703 projects with a total value of about £688 million and are expected to lead to the creation of 43,000 new jobs over the next five years, and the safeguarding of a further 20,000. Service industries continued to be eligible for special grants. Assistance may also be given under section 7 outside the normal guidelines, as, for example, in the case of a company facing acute financial difficulty. During the year loans and equity amounting to £21 million and grants totalling £4·4 million were offered to assist in such cases. Section 7 also provides for assistance to industry in the form of guarantees; ten of these were current at the end of the period covered by the report, involving total liabilities of £22·5 million. The report also lists cases of assistance to shipbuilding and associated industries under section 7.

Assistance under the Local Employment Act 1972

As a result of the Act's effect on certain provisions of the Local Employment Act 1972, the level of building grant assistance continued to decline. Offers made during the year amounted to £2·2 million. Authorised factory construction cost an estimated £21 million. The additional employment arising from the total assistance approved is estimated at 11,850. The report notes that in July 1975 responsibility for Government factory building and estate management in Scotland and Wales passed to the respective Secretaries of State for those countries. The year was one of considerable building activity and outstanding commitments at the end of the period remained at a high level, reflecting the decisions reported the year before and the announcement in the year under review of further advance factories (see p 497, 1975). Expenditure on advance factories was £13 million, almost three times as much as in the previous year. The number of modern factories available for industry rose from 25 to 66 during the year. The report states that with further factories under construction the assisted areas will be well placed to attract new investment.

During the year there were 221 applications under the Local Employment Act 1972 for grants towards the acquisition or clearance of derelict land in assisted areas and derelict land clearance areas. Grants totalling £8·5 million were approved for 183 schemes. The report notes that under a special scheme for the clearance of local 'eyesores', payments to local authorities totalled £27 million by the end of March 1976; details are also given of a similar but separate scheme applicable only to Scotland. Responsibility for the reclamation of derelict land in Scotland and Wales passed to the two national development agencies during the year.

The report also describes the working of the 'improvement of basic services' and the 'transfer of key workers' schemes under the Local Employment Act 1972. Under the first scheme grants totalling £25 million were approved during the year.

Support for Industry: General Powers

During the year the Government introduced, under section 8 of the Act, a general scheme to encourage the acceleration of deferred capital investment projects and three schemes to increase the modernisation and efficiency of selected sectors of industry. At 31 March 1976 total expenditure of £285 million had been earmarked for the above schemes and for further schemes under consideration, composed of £120 million for investment acceleration and £165 million for sectoral industry schemes. [The total available for investment acceleration was increased by £40 million in the 1976 Budget (see p 205); in August 1976 it was announced that no further applications could be accepted under the scheme (see p 355).]

The accelerated projects scheme was initially designed to assist projects with a minimum capital cost of £2·5 million and commencing before the end of March 1976. Such was industry's response that the scope of the scheme was progressively widened to include projects costing over £0·5 million commencing before the end of September 1976 and to include also applications for modernisation projects, for which £20 million was made available. There were 19 offers of assistance made during the year, to the value of £27 million, and 124 applications were still under consideration at the end of March 1976.

Under sectoral industry schemes, a total of £65 million was allocated for modernisation or other improvements in the clothing industry, the ferrous foundry industry and the machine tool industry (see p 352, 1975). [The ferrous foundry scheme was increased by £15 million in Feburuary 1976 (see

p 356).] In addition a further £3 million was allocated under the wool textile industry scheme (see p 25) which ended on 31 December 1975.

The report also gives details of assistance under section 8 to offshore projects and to eight individual firms, those receiving the largest sums being Alfred Herbert Ltd, British Leyland Ltd, the Cambridge Instrument Company Ltd and Chrysler UK Ltd (see pp 74-5).

Ships and Offshore Installations

Under sections 10-12 of the Act assistance may be given to the shipbuilding industry. Loans guaranteed by the Government to help finance the building of ships in Britain amounted, at the end of March 1976, to £895 million, including guarantees given under the Shipbuilding Industry Acts (see pp 134-5, 1971). Grants towards the construction of new ships and mobile offshore installations in relation to the period 1972-74 had by the end of the year reached a total of £46 million since the Act came into force.

Other Developments

In conclusion the report records that, following a recommendation of the House of Commons Expenditure Committee, information on offers of selective assistance and on payments of regional development grant is now published quarterly in the journal *Trade and Industry*.

Published with the report are commentaries by the national and regional industrial development boards on their activities and a series of statistical appendices.

Agriculture

The British Government has resisted a devaluation of the green pound, and has introduced further measures to help farmers affected by the drought.

THE GREEN POUND

Britain is opposed to the devaluation of the green pound at present because it would raise British food prices and put the Government's counter-inflation policy at risk. This was conveyed to the Council of Ministers of the European Community by the Minister of Agriculture, Fisheries and Food, Mr John Silkin, during the Council's meeting on 4 and 5 October.

The green pound is the name usually given to the representative rate used for converting prices of farm products from the Community's units of account into British pounds. At present the green pound is equal to 1·7556 units of account. The increase in British food prices, which would have resulted from the fall in the market exchange rate of the pound since the value of the green pound was last fixed in October 1975, has been mitigated by the Community's Agricultural Fund paying subsidies (monetary compensatory amounts – MCAs; see p 96, 1975) on Community agricultural products exported to Britain. The subsidies have been running at a very high rate and the Commission of the Community has proposed that the green pound should be devalued, which would reduce the amount of the subsidies. This proposal has not been adopted by the Council. The Council did, however, devalue the Irish green pound by 7·5 per cent, to 1·56778 units of account. The new rate, which will apply from 11 October, will result in lower MCAs being paid into the Community's Agricultural Fund on Irish agricultural products exported to other Community countries, and thus will make these products cheaper.

The whole question of the divergence between market exchange rates and the representative rates, and the size of the mca's, is to be discussed at the meeting of the Council on 25-26 October.

MEASURES TO HELP FARMERS

Measures to help British farmers affected by the drought (see pp 359-61) were notified to the Council of Ministers of the European Community by Mr Silkin on 5 October. The guaranteed price for milk for 1976-77 will be raised to provide an additional 2p a gallon (4·546 litres) to producers during the winter months; this will entail a rise of retail price by 1p a pint (0·568 litre) from 1 January. The floor price for sheep will be increased by 3p a pound (0·454 kg) of estimated dressed carcase weight in the first three months of 1977 in order to underpin the producers' confidence; actual market prices are expected to be above the new floor price. The capital grants for the installation of farm reservoirs are to be increased by an additional 20 per cent of the cost for a limited 12-month period.

Community Rules

National aids of this kind are allowed under the Treaty of Rome which set up the European Economic Community, provided they are designed not to distort competition but to make good damage caused by natural disasters, and provided that the Commission has not declared that the measures are incompatible with the common market.

Mr Silkin told journalists after the Council meeting that the British measures were regarded by the Commission as a sensible package, though it had reservations about the milk price proposals which could be regarded as in effect re-opening the agreement on farm prices concluded in March (see pp 170-2). However, Mr Silkin explained that the prospects of the British dairy industry had since changed dramatically because of the poor growth of grass during the drought. Thus the farmers would have to buy more animal feed than usual, and – even with the proposed increase in price – the profitability of dairy farming in Britain would be less than it would have been with the original lower price but with normal rainfall.

Fisheries

Following the adjournment of the Law of the Sea Conference without reaching agreement, Britain has again urged the extension of the European Com-

munity fishing limits to 200 miles. Ministers have commented on the ideas for the Community's common fisheries policy put forward by the Commission of the Community. The Government has imposed restrictions on herring fisheries.

PROPOSALS FOR 200-MILE FISHING LIMITS

Conference on the Law of the Sea

The establishment of a 200-mile exclusive economic zone within which coastal states would have sovereign rights over economic resources was one of the topics of negotiation during the fifth session of the Third United Nations Conference on the Law of the Sea (see p 250). The session ended on 17 September, after agreeing that it should meet again in New York on 23 May 1977 for a session lasting seven or eight weeks, to continue work on a law of the sea convention. In his speech at Blackpool on 28 September (see p 383) Britain's Foreign and Commonwealth Secretary, Mr Anthony Crosland, said it was a tragedy that the conference had so far failed to reach agreement on the 200-mile limits, and expressed the view that Britain and the Community should adopt a 200-mile limit to ensure conservation of resources. He also emphasised the urgent need for the Community to conclude fisheries agreements with Iceland, which already has a 200-mile limit (see pp 250-1), and Norway, which will adopt a 200-mile limit on 1 January 1977.

European Community

Fishing limits were discussed at the meeting of the Council of Ministers of the European Community on 20 September (see p 383). After the meeting, the Foreign and Commonwealth Secretary said that he and other ministers had told the Council that it was vitally urgent for the Community to reach a decision on an extension of its fishing limits to 200 miles (see pp 315-16). He mentioned the current heavy fishing by non-Community countries off Devon and Cornwall as an example of the threat to Community resources that could be averted only by such an extension.

Mr Crosland said there had been no dissension in the Council on the importance and the urgency of declaring a 200-mile limit. He hoped the matter would be settled next time the foreign ministers meet in Council [on 18 and 19 October] and that the extension of the limits would come into effect on 1 January 1977. However, the Foreign Secretary indicated that, if necessary, Britain was prepared to extend its limits unilaterally from that date. He stated that legislation was in preparation for a British extension.

Commission's Ideas

In its ideas for a fisheries policy put forward on 23 September (see also below) the Community's Commission suggested that the member countries should agree on 1 January 1977 as the date for proclaiming the extension to 200 miles of fishing limits around their shores. Each country would establish its own 200-mile limit. The Commission also thought that the Community should proceed with negotiations with third countries, including Iceland. These suggestions were welcomed by the Minister of Agriculture, Fisheries and Food. Mr John Silkin, when he announced the Government's initial reactions to the Commission's ideas at a meeting of leaders of the British fishing fleet in London on 24 September (see also below).

COMMON FISHERIES POLICY

The European Community Commission's ideas with regard to coastal belts have been described by British ministers as falling unacceptably short of British requirements. Ideas for a new common fisheries policy were put forward by the Commission on 23 September (see above). The Commission suggested that all the waters within the 200-mile limits (see above) should become open to the Community's fishermen; however, coastal bands of 12 miles would be reserved exclusively for each country's fishermen, apart from the retention of historic rights by other member states.

Under the present arrangements, due for revision by 1982, all member countries may restrict fishing in areas up to six miles off their coasts to vessels traditionally fishing these waters. Additional restrictions apply off the British, Danish, French and Irish coasts; thus, in British coastal waters vessels registered in member states are excluded from all areas within 6 miles of the coast and from certain areas between 6 and 12 miles.

The British Government has stated that the present common fisheries policy would be deeply damaging to the interests of the British fishing industry if 200-mile exclusive economic zones were widely accepted (see p 251). [The damage would occur through a large increase in the fishing off Britain's coasts by vessels from other member states, excluded from their traditional grounds by the extension of some non-member countries' limits to 200 miles.] The British fishing industry has asked for a 100-mile exclusive coastal belt, but Mr Roy Hattersley, then Minister of State for Foreign and Commonwealth Affairs, told the Community's Council of Ministers on 4 May that the Government might be willing to consider a belt varying from 12 to 50 miles in different areas according to regional factors (see p 252).

In his statement on 24 September (see above) the Minister of Agriculture, Fisheries and Food said that the Commission's ideas on coastal belts fell far short of British needs. 'They are wholly unacceptable', said Mr Silkin. 'We stand on the statement made by Mr Hattersley on 4 May. Community policy on conservation and catch allocation must be equitable and enforceable.' After referring to the Commission's other suggestions (see above), Mr Silkin concluded: 'A complex of measures will be needed to get an acceptable and effective common fisheries policy. These are vital matters for the British fishing industry. My colleagues in the Government and I will now press urgently and with the utmost resolution for progress on them.' British views on the common fisheries policy were later stated by the Foreign Secretary in his speech at Blackpool (see p 383).

HERRING FISHERIES

Fishing for herrings by British vessels has been suspended in the interest of conservation of stocks until the end of the year in the North Sea, and until 20 November in the North Irish Sea and Manx waters.

Objection to Quota

In August Britain put in an objection to the quota for North Sea herring in 1976 voted by the North-East Atlantic Fisheries Commission (a body set up under the 1959 North-East Atlantic Fisheries Convention and including representatives of 16 countries whose vessels normally fish in the area). The following reasons for the British objection were given by the Government: the commission had not adopted conservation measures contained in impartial scientific advice it had received; Norway had submitted an objection to the commission's recommendation and thus removed the unanimity essential for equitable international fisheries regulations; and there was continuance of herring fishing on a large scale in areas close to Britain's fishing limits. However, while not feeling justified in requiring British fishermen to observe the quota, Britain notified the commission that urgent consultations were being held with the British fisheries organisations with a view to introducing voluntary limitations of catch until the end of 1976. The British authorities also undertook to stop directed fishing for North Sea herring (that is, fishing with the specific intention of catching the herring) until the end of 1977 as soon as other Governments were prepared to take similar action.

Prohibition of Fishing

After consultation with the representative bodies in the fishing industry the Government decided to suspend licences authorising British vessels to fish for North Sea herring from 19 September to 31 December 1976. During this period North Sea herring may only be taken as a by-catch of other species (that is, when the vessel is fishing for other species), apart from a very limited amount allowed off certain parts of the East Anglian and south-eastern coasts of England, to permit the small local winter herring fishing. Subsequently, the suspension was reinforced by an order prohibiting fishing for herring in waters within Britain's North Sea fishery limits by all vessels, including those from overseas countries. A small area within Britain's exclusive six-mile limit off the east and south-east coasts of England is excluded from the prohibition so as to permit the local fishery (see above).

Isle of Man Fishery

Licences authorising British vessels to fish for herring in the North Irish Sea and Manx waters will be suspended from 1 October until 20 November. This supplements the previously imposed prohibition on fishing for herring within Britain's fishery limits around the Isle of Man from 4 October until 20 November.

Nuclear Energy

UKAEA ANNUAL REPORT

Major nuclear energy developments in 1975-76, including the commissioning of the first two advanced gas-cooled reactor (AGR) stations and the generally satisfactory performance of the prototype fast reactor (PFR), are described in the annual report of the United Kingdom Atomic Energy Authority (UKAEA), published on 15 September.[1] Gross expenditure on the authority's operating account totalled £143·4 million, while income received was £55 million. Net expenditure of over £93 million was financed by parliamentary grant, which included an amount for the cost of reactor design and component development contracts with industry on behalf of the Department of Energy which were excluded from the authority's commercial accounts. Developments in the main nuclear research programmes are described below.

Nuclear Reactors

The UKAEA continued to give first priority to work on assisting the electricity generating boards and the Nuclear Power Company Ltd (NPC) on the construction and commissioning of the five AGR stations. In February 1976 the stations at Hinkley Point B (Somerset) and Hunterston B (Strathclyde) were synchronised with the national grid and generated their first electricity (see p 362).

Development work continued on the Steam Generating Heavy Water Reactor (SGHWR) system. The NPC carried out a detailed review of the SGHWR's design to ensure the highest degree of safety and reliability. Certain modifications were discussed with the generating boards and a revised outline design was agreed, an important feature being the adoption of a 60-pin fuel assembly for the commercial reactor.

The fast reactor programme continued to employ the greatest share of the authority's resources and a large amount of information, more than for any previous reactor, was obtained. The PFR at Dounreay (Highland), which had been synchronised to the national grid in February 1975, performed satisfactorily during the year as did its associated control and safety circuits, the sodium coolant and the refuelling equipment. However, high power operation was not achieved because of faults in the steam-raising and conventional generating equipment; these were subsequently rectified or, their causes having been discovered, remedial measures were initiated. Good progress was made by the NPC on the design and specification of a proposed commercial fast reactor which would retain the basic design style, but with lower temperatures and redesigned steam circuits to improve reliability and facilitate development.

Initial research on nuclear fusion continued at the authority's laboratory at Culham (Oxfordshire). A programme of work was agreed with the European Atomic Energy Community (Euratom) for 1976 to 1980 on projects other than the large Tokamak

[1] *United Kingdom Atomic Energy Authority. Annual Report 1975-76* UKAEA. HMSO, £2. ISBN 0 70580 097 0.

device known as the Joint European Torus (JET). Britain put forward the claims of Culham as the most suitable site for JET.

Safety

No serious radiation incidents occurred in 1975-76. The UKAEA reviewed and improved the physical security arrangements at its sites containing significant quantities of fissile material, while the Atomic Energy Authority (Special Constables) Act 1976 (see p 271) extended the powers of its constables. Substantially increased resources were devoted to research and development programmes on nuclear safety and the environment. Close contacts were maintained with several countries and agreements negotiated with France and the Federal Republic of Germany under which the nuclear energy organisations will participate in safety experiments in Britain and France.

The UKAEA continued its programme to develop techniques for the treatment and management of radioactive waste and to meet long-term requirements for ultimate storage and disposal. The Institute of Geological Sciences carried out a study to establish criteria for safe disposal of canisters of waste and identified areas in Britain containing rock formations which could meet these criteria; further studies are planned to investigate their suitability. Considerable attention was given to the decontamination, reduction in volume, and storage and disposal of plutonium-contaminated waste.

NUCLEAR POWER AND THE ENVIRONMENT

A wide-ranging report on nuclear power and the environment has been published by the Royal Commission on Environmental Pollution, an independent advisory body set up by the Government.[1] The commission is broadly satisfied with the current arrangements to protect the public from discharges of radioactivity from nuclear power installations, although it sees the need to improve the arrangements for the management of radioactive waste. It proposes that the Secretary of State for the Environment should be made explicitly responsible for the management of radioactive waste and suggests a review of the criteria and methods of reactor safety assessment. Construction of a crude nuclear weapon by an illicit group is considered credible and would become more possible through the increased availability of plutonium if a large nuclear programme were adopted; the commission claims that it is not convinced that the Government has fully appreciated the implications of this possibility.

The commission questions the inevitability of an expanding nuclear power industry. It accepts the need for keeping the nuclear option open at present, but advises proceeding as slowly as possible, so as to give further time for investigating the development of alternative sources of energy. It recommends that there should be no attempt to follow a large programme of nuclear fission power until it has been demonstrated beyond reasonable doubt that a method exists to ensure the safe containment of long-lived highly radioactive waste for the indefinite future. A large programme of research into the disposal of radioactive waste is recommended, together with a number of organisational changes.

Initial Government Response

The Secretary of State for the Environment, Mr Peter Shore, responded to the report in a statement on 22 September. He said that the Government would study the report in detail and make its views known subsequently. The Government noted the commission's broad satisfaction with the present standards of radiological safety, with the arrangements for their enforcement and with the system of controlling release of radioactivity to the environment. The Government's policy on reactor safety was to ensure that the present very high standards were maintained in any development of nuclear power and a number of measures, including a review of the criteria and methods of assessment of reactor safety, were already being undertaken. In connection with the containment of highly radioactive waste, research had already been carried out on the process of vitrification (the incorporation of waste into glass) and a demonstration plant would be built, while research was proceeding, both in Britain and overseas, on the disposal of such waste to suitable geological formations on land, or on or beneath the deep ocean bed.

The Government did not accept the commission's suggestions that it had failed to appreciate the full implications of the threat posed by the construction of a crude nuclear weapon by an illicit group. Security arrangements had been considerably strengthened in the last two years and the Government would maintain a continuous and close review.

The Government noted the commission's acceptance of the view that the abandonment of nuclear fission as an option for future energy supplies would not be wise or justified. Energy policy was designed to ensure that Britain would be able to meet its energy requirements and that it should be able to draw on a range of options for its energy sources. Decisions on these options would at all times take account of environmental and social considerations, to which the Government attached great importance.

Advisory Committee on Major Hazards

FIRST REPORT

Proposals for legislation leading to greater control of the siting and operation of hazardous industrial plants are among the recommendations made in the first report of the Advisory Committee on Major Hazards (see pp 449-50, 1974) published by the Health and Safety Commission on 13 September (HMSO, £1, ISBN 0 11 880884 2).

The report is devoted to the committee's first priority, to consider 'those installations which could

[1] *Nuclear Power and the Environment.* Sixth report of the Royal Commission on Environmental Pollution. Cmnd 6618. HMSO, £2·65. ISBN 0 10 166180 0.

present a major threat to the safety of employees or the general public arising from explosion, the sudden release of a toxic substance, or cataclysmic fire'. (The committee proposed to examine the implications of the increasing use of cross-country pipelines at a later stage.)

Notification of Installations

The report seeks urgent regulations requiring operators of potentially hazardous installations to notify the Health and Safety Executive (HSE) of their activities. Such a notification scheme would lead to identification of installations with particularly high degrees of hazard. For certain cases, probably very few, a licensing system might, in the committee's view, be needed. The committee feels that there should also be a statutory duty for local planning authorities to consult with the HSE on all planning applications involving such installations. The committee would consult with the Department of the Environment on the important and complex questions of compensation that might be raised by restrictive planning controls.

'We are faced with a vast range of existing installations', says the report, most of which are 'already of an acceptable standard, although not always ideally located, but some are not completely satisfactory, often because of their age, and in some cases there is a need for better management.' The report warns that while drastic improvements to existing plants could not be made overnight, phased changes and improved methods of operation need not be unduly delayed. Implementation of more fundamental recommendations would be easier to effect at new installations.

The report says that more information is needed about dangerous occurrences throughout the world, particularly on the behaviour of massive releases of gas.

Nature of the Problem

The report explains that following the stimulus to technological development in industry and commerce offered by the second world war, commercial pressures to improve technological efficiency have led to the growth of capital-intensive new plants, increases in size of many traditional plants, the grouping of associated processes in one area, and the difficulty of isolating them from centres of population. 'This has brought about a very significant increase in the number of people, whether employees or members of the public at large, who could be endangered at any one time should anything go wrong. Moreover, the pace of change associated with modern technology allows less opportunity for learning by trial and error. It is increasingly necessary to seek to get design and operating procedures right first time. Because of their present-day size and throughput there are now many plants throughout the world where a critical first mistake can result in disaster.'

Two Types of Hazard

The report identifies two distinct types of threat, the first from the sudden massive escape of volatile liquids or gases that could produce a large cloud of flammable explosive vapour, and the second involving toxic materials, the sudden release of which in very large quantities, if windborne, could cause even larger numbers of casualties. The report goes further to state that some installations or groups of installations posed both types of threat and that, moreover, blast and missiles from an explosion could release flammable and toxic materials from other plants thereby causing an escalation of the disaster – sometimes called the 'domino effect'. Drawing attention to the fact that a century ago the problem of boiler explosions was tackled in a forceful manner, leading to a dramatic improvement in the situation, the report said that equally vigorous action had to be taken with the aim of ensuring that large quantities of dangerous chemicals did not escape.

Notifiable Installations

The report recommends that specified details of activity at eight types of installation, both existing and proposed, should have to be notified to the HSE, and that regulations to achieve this should be brought in as soon as possible.

'We believe that the notification of the hazard in some detail is absolutely fundamental to any improved mechanism of control . . . The notification procedure should go well beyond a mere identification of the problems, and the company should be required to make a survey of the hazard potential of its plant and to inform the HSE not only of the hazards identified but of the procedures and methods which have been or will be adopted to deal with them. This might well require expert help from outside.'

Highest Risk Plants

The report says that where a company's initial survey indicated a case which offered a sufficient degree or risk or involved new or rapidly changing technologies, a more elaborate assessment would be needed. In such cases, management would have to satisfy the HSE that it possessed the appropriate management system, safety philosophy and competent people, and that it had effective methods of identifying and evaluating hazards. Installations offering the highest degree of risk might not be capable of being satisfactorily controlled by existing procedures alone and would need 'some kind of specific intervention in the form of a licence or authorisation'.

Role of the HSE

The report recommends that, in view of the considerable increase in the work-load on the HSE that would result from the issue of licences and closer liaison with planning authorities, specific arrangements would have to be made to strengthen the resources of the executive in this field by recruiting additional highly qualified, trained and experienced people; moreover, if in scrutinising surveys and assessments forwarded by companies it felt the need for a second opinion, it should have access on a formal basis to a group of experts who would be able to advise on specific issues arising from developments in hazardous industrial operations. Nevertheless, the report stresses that no method of legal control should in any way dilute the prime responsibility of management for the safety of installations. Safety representatives, it adds, would also have a special role to play because, in addition

to their normal functions, they would be expected to take an active part in the formulation and application of the extra controls.

Pressure Systems and Building Construction

The report makes particular recommendations about pressure systems and building construction. It states that, though outright failure of properly designed, constructed, operated and maintained pressure vessels is rare, the associated pipework, valves and pumps are much more prone to failure; it therefore recommends that these as well as the vessels themselves be treated as part of the pressure system in future legislation. Further development was needed in ways of finding evidence from the outside of a vessel or pipe of the condition of its inner surface.

While guidelines for the design and construction of on-site buildings would be set down in a later report, the present report emphasises that 'brickwork is totally unsuitable for control rooms which could have to withstand severe explosive effects'.

Planning Controls

The report recommends that since the 'threat to safety which may arise from the siting of potentially hazardous developments cannot be divorced from other planning considerations', existing arrangements for informal consultations between the HSE and local authorities before planning permission for certain developments is granted should be made a legal requirement. In case the local authority should choose to ignore the executive's advice, all planning applications involving, affecting or affected by a notifiable installation should also be sent to regional offices of the Department of the Environment, or to the Welsh Office or Scottish Office, so that they could intervene if necessary. The report says that it should also be mandatory for planning authorities to notify neighbouring authorities of any potentially hazardous installations close to their area.

High Speed Train

British Rail introduced the world's fastest diesel rail service, known as *Inter-City 125*, on 4 October on the route from London (Paddington) to Bristol and south Wales (Cardiff and Swansea), using the first of the production high speed trains (HSTs). Journey times have been substantially reduced; the fastest train covers the 112 miles[1] from Paddington to Bristol (Parkway) in 1 hour 13 minutes, 22 minutes less than previously, and travels at a maximum sustained speed of 125 mph and an average speed of nearly 92 mph, making it the fastest regular train ever to run in Britain. Thirteen HSTs have been delivered, allowing British Rail to operate many of the services on the London-Bristol-south Wales line with the HST. Conversion to HST operation of the remaining conventional services on the route will be gradual and should be completed by mid-1977 when the Western Region expects to take delivery of the last of its order of 27 HSTs. Later in 1977 the first of 32 HSTs for British Rail's Eastern Region is expected to enter service between London, Newcastle upon Tyne and Edinburgh.

Power cars and other rolling stock are built by British Rail Engineering Ltd's works at Crewe and Derby. Each HST has two power cars – one at each end of the train, which permits a quicker turnround at termini – and seven passenger cars. The power produced by each power car (2,250 horsepower[1]) is virtually the same as that generated by many other mainline diesel-electric locomotives, but the power-weight ratio of an HST is higher because of the lightweight materials, such as glass-reinforced plastics, used in its construction, enabling high speeds to be reached with rapid acceleration. Lightweight construction also helps to conserve fuel and reduce track maintenance. Passenger coaches are of the latest Mark III design, incorporating features current on all new inter-city rolling stock, such as air-conditioning, double glazing, ergonomically designed seats, and automatic sliding doors between coaches.

The Chairman of the British Railways Board, Mr Peter Parker, during a demonstration journey on 30 September, compared the *Inter-City 125* service with developments in other countries which had involved either the construction of a new railway at a high cost, or a limited series of high speed trains usually restricted to first-class accommodation and charging a supplementary fare. He stressed that the *Inter-City 125*, which operated on existing track, was not an additional luxury service, but was available, without supplement, for all passengers paying the ordinary, or where applicable reduced, fare. *Inter-City 125* was 'a demonstration of the best of British engineering – an extension of existing technology to give better journey times and greater comfort'. However, further developments, including the advanced passenger train (APT),[2] would involve completely new technology. World-wide interest had been aroused in the HST and the APT and he hoped that, in addition to improving services in Britain, before long they would be in service overseas.

[1] 1 mile = 1·609 kilometres.

[1] 1 horsepower = 0·746 kilowatt.

[2] For detailed information see COI Notes on Science and Technology in Britain NST 55, *High Speed Trains*.

SOCIAL AND CULTURAL AFFAIRS

Supplementary Benefit

A small team of officials is being set up by the Secretary of State for Social Services, Mr David Ennals, to review the working of the supplementary benefits scheme in the light of certain problems identified in the 1975 annual report[1] of the Supplementary Benefits Commission. In 1975 the then Secretary of State, Mrs Barbara Castle, invited the commission to produce its own annual report in which it would be free to comment on developments and express views about priorities as well as providing factual information about the administration of the scheme.

The purpose of supplementary benefit is to assist all people over the age of 16 who are not in work and whose financial resources are insufficient to meet personal requirements. The scale rates for such requirements are fixed by the Government, subject to parliamentary approval. There are additions for rent and discretionary payments to meet special or exceptional needs. The scheme is administered throughout England, Scotland and Wales by the Supplementary Benefits Commission within the Department of Health and Social Security. There is a separate commission in Northern Ireland.

PEOPLE RECEIVING BENEFIT

The report gives a detailed account of the commission's work and provides statistics on the number of people receiving benefit. On 3 December 1975, supplementary benefits were being paid to about 2·8 million claimants. If dependants are included, some 4·5 million people (8 per cent of the population) were being helped by supplementary benefit. Nearly two-thirds of claimants receiving benefit were retirement pensioners (1,679,000). Other groups included unemployed people (541,000), one-parent families (296,000), and people under pension age suffering from long-term illness (242,000). Over a million recipients (39 per cent) had discretionary weekly additions to benefit; four-fifths of these additions were paid to supplementary pensioners to provide extra heating, laundry or domestic help. Some 945,000 discretionary special grants were paid as single payments to meet exceptional needs.

[1] *Supplementary Benefits Commission. Annual Report 1975.* Cmnd 6615. HMSO, £1·85. ISBN 0 10 166150 9.

FUTURE POLICIES

The report singles out several closely related problems that need to be tackled in future years. The first is the growing reliance of the scheme on discretionary payments which applied to 39 per cent of claimants in 1975 compared with under 15 per cent in 1971. The increasing use of discretionary powers leaves claimants uncertain about their complete entitlement and leads to conflict between claimant and claimant, claimants and officials, and claimants and the public. It is also expensive to administer, and there is no certainty that the discretionary payments give help to all those in the greatest need.

The second problem is the complexity of the supplementary benefits system which can create difficulties for both officials and claimants. The report says that there are lengthy and complicated staff instructions which are subject to constant amendments and additions; if claimants are to understand their rights and to secure their entitlement, the rules need to be simplified even though this may involve limiting the area of discretion.

Another topic discussed by the commission is its relations with other agencies. The report points out that the commission's responsibilities have been extended to areas where existing agencies might provide a better service. The commission's unemployment review officers, for instance, often assist claimants to find jobs, a role that could be fulfilled best by the employment and training services of the Manpower Services Commission. Similarly the provision of supplementary benefit payments to meet housing costs operates alongside a system of rate and rent rebates or allowances organised by local government authorities on behalf of low income groups. The commission says that this can create confusion for claimants, many of whom do not know which system would benefit them most in meeting housing costs.

The report argues that the first job of the commission is to ensure that claimants receive their entitlement leaving them as free as possible to spend this money in their own way. Other services such as shelter, assistance in finding jobs and payments for special needs should only be provided when it is clear that money alone cannot fulfil the commission's obligations. The report emphasises that 'in such cases we must beware of taking on tasks for which we are not well equipped. We should instead do our best, in collaboration with other services, to ensure that our claimants receive the help of the

appropriate organisations and professions as soon as that can be arranged, and receive it on terms which do not stigmatise them or distinguish them unnecessarily from their fellow citizens.'

The report notes that simplification, standardisation, and the shedding of excessive discretionary payments would mean higher standard rates of benefit as the commission does not want to see the scheme simplified on terms disadvantageous to claimants. This, however, raises the problem of finding extra resources.

The social security system as a whole is discussed by the commission which hopes eventually to see many claimants taken off means-tested benefits. If this were to be done, contributory benefits such as retirement pension and unemployment and sickness benefits would have to be more generous.This would, however, be a slow process as these benefits are related, through contributions and their effect on disposable income and prices, to the earnings of workers throughout the country. The commission notes that a more generous State pension scheme is slowly taking shape (see pp 162-3, 1975) and says that the most urgent problem facing the social security system is the adequacy of family benefits in general and the new child benefit (see below) in particular.

Children

CHILD BENEFIT

The Government has decided to implement the full child benefit scheme in stages from April 1977 (see p 244, 1975 and p 267). This follows a recommendation made by a joint Labour Party-Trades Union Congress working party. The aim of the scheme is to provide a non-means-tested tax-free cash benefit, payable to the mother, for every child in a family. It will supersede family allowances (at present paid for all children in a family other than the first or only child[1]) and most income tax allowances which, under the present system, can be off-set against taxable income. It is designed to transfer support for children from fathers to mothers, and to assist the poorest families who are unable to take full advantage of the child tax allowance because of their low incomes.

Over the three years starting in April 1977, the child tax allowance for children under 11 will be withdrawn and allowances for older children correspondingly reduced. The money saved is to be transferred to the tax-free child benefit payable to the mother. The amount of child benefit will be £1 for the first or only child (£1·50 in the case of single-parent families) and £1·50 for every other child in a family. Child tax allowances for 1977-78 will be reduced by the value of the tax which would otherwise have been levied on the benefit. Tax allowances will, however, be retained in full in 1977-78 for the parents of non-resident children as child benefit will not be payable for children who leave Britain permanently; longer-term arrangements for these parents will be decided later.

[1] Since April 1976 one-parent families have received £1·50 for their first child.

MOBILITY ALLOWANCE

Many thousands of disabled children aged 11-14 years will qualify for the new mobility allowance of £5 payable weekly for severely disabled people who are unable, or virtually unable, to walk (see p 246, 1975). The allowance is being introduced in phases according to age group and by November 1976 the age group covered will be from 11 to 50 years. Eventually mobility allowance will be paid for all those eligible who are aged between 5 and pensionable age (65 for men and 60 for women).

Mobility allowance will provide outdoor transport help for disabled children for the first time, and will be paid to a responsible adult who will spend it in the child's best interests. It is payable whether the child is at home with his parents, with foster parents or in a hospital or children's home. If the parents are not in a position to claim the allowance, the claim can be made by the appropriate local or hospital authority to be spent on behalf of the child.

Claims for 5- to 10-year-old children are to be invited as soon as possible. Independent estimates suggest that as many as 30,000 children aged between 5 and 15 will qualify for mobility allowance.

CHILDREN ACT 1975

Further provisions of the Children Act 1975 (see pp 286-7, 1975) are to be implemented in November 1976.[1] These include safeguards against an abrupt move for children in care; strengthening the rights of foster parents seeking to adopt; new grounds for local authorities to assume parental rights and duties; separate representation of children in certain court proceedings; and a right of access by adopted people to their own birth records. Certain changes relating to birth registration will come into effect in January 1977.

Children in Care

From 26 November 1976 parents may be required to give 28 days' notice of their intention to remove a child from care if the child has been in the care of a local authority or voluntary organisation for six months or more. This is intended to protect the child against an abrupt move and to give everyone time to prepare for the child's return home. There will also be restrictions on the removal of a child pending adoption; people who have looked after a child for five years or more will be able to start adoption proceedings in the knowledge that the child cannot be removed from them before the court hearing without the leave of the court. Unlike the present arrangement this will apply whether or not the parents agree to the adoption.

Another provision will enable a local authority to pass a resolution assuming parental rights and duties where a child has been continuously in the

[1] Full details are contained in Local Authority Circular LAC (76) 15, obtainable from the Department of Health and Social Security, Alexander Fleming House, Elephant and Castle, London SE1.

care of the authority for three years or more. This may also apply if the child has been partly in the care of the authority and partly in the care of a voluntary organisation. Parents will have a new right of appeal to a court against such a resolution.

All these provisions apply to children received into care under the Children Act 1948 if they have no parent or guardian or have been abandoned or if their parents are unable, temporarily or permanently, to look after them.

Court Proceedings

The 1975 Act makes provision for separate representation for the child in court proceedings where a child or young person is the subject of unopposed proceedings for the variation or discharge of care or supervision orders. The court may order that the parents should not represent the child or act on his behalf, and may appoint a guardian *ad litem* – a person who acts for a child in court proceedings. The guardian will normally be an experienced social worker or probation officer but not an employee of the local authority involved in the case.

Access to Birth Records

Adopted people over the age of 18 will have the right to obtain information from the Registrar-General to enable them to get a copy of their original birth certificate. Those adopted before the Act received Royal Assent [12 November 1975] will have to have an interview with a counsellor from the General Register Office counselling unit (being set up specially for this purpose) before they are given the information. Those adopted after this date may choose whether or not to do so. The purpose of the counselling is to help an adopted person with the inquiry and to discuss its implications. The counselling scheme is designed to provide some protection for natural parents who may believe that their children would never be able to trace them.

Birth Registration

Two changes in birth registration law are to be implemented on 1 January 1977. First it will become possible for the birth of an abandoned child, whose true identity is unknown and cannot be ascertained, to be registered at the General Register Office. Application would be made by the person caring for the child or by the person himself if over the age of 18. Secondly, the present arrangements for recording the father of an illegitimate child in the child's birth record are to be extended to enable the mother to have the father's name entered without his consent. If the birth has already been registered without a father's name, the mother will be able to have the birth re-registered to include his name. In cases where the child has reached the age of 16 at the time of application, his written consent will also be required.

Other Provisions

Other major provisions of the Act – the statutory local authority adoption service, the new procedure for freeing a child for adoption, and more extensive representation for children in care and related proceedings – will be implemented at a later stage when the economic position improves.

Health Service Finance

A revised system of allocating financial resources to health authorities in England is recommended by the Resource Allocation Working Party[1] set up by the Government in 1975 to investigate imbalances in the distribution of resources within the National Health Service (NHS). The report, published on 29 September, proposes new resource distribution targets which would reflect more fairly the needs of the populations served and would be more responsive to geographical disparities in health needs.

The report points out that those parts of the country which have had more hospital beds for historical reasons have received a bigger share of NHS resources without proper recognition of the greater needs of other areas where the inheritance of health service facilities was less generous. The aim should be to secure equal opportunity of access to health care for people at equal risk.

The working party therefore proposes that health authorities with hospital and other buildings of below average amount or standard should have an increased share of the capital resources available. This would mean restricting capital investment in the south-east and Mersey areas in favour of the north, west Midlands and the south-west. As regards revenue expenditure (resources used for the day-to-day running of the service, for example, staff salaries), annual targets should be set for sharing resources at regional, area and district levels to take account of such factors as age, sex, marital status, fertility, and mortality as an indicator of morbidity. Adjustments would be required to take account of patients crossing administrative boundaries (for instance, patients receiving specialist treatment not available in their area). Allowances for the additional costs of services to patients in hospitals where medical and dental teaching occurs would be calculated on the basis of forecast student numbers. (The costs of teaching are met from the education budget.) The report says that when allocating funds for revenue expenditure preference should be given to areas in central southern England and the north. In order to allow for faster growth in these and other areas growth should be restricted in the south-east.

Government Response

Mr David Ennals, Secretary of State for Social Services, welcomed the report as the first major examination of resource distribution since the creation of the NHS in 1948. He stressed his determination to end unjustifiable inequalities as fairness demanded that available resources should be distributed on a basis of need in a National Health Service. There would be full consultations before a decision was taken on a precise formula for dividing up the money. The change could not take place immediately and would need to be phased in over a period.

[1] *Sharing Resources for Health in England.* HMSO, £1·70. ISBN 0 11 320227 X.

Inner Cities and New Towns

The special problems of inner city areas, brought about by an exodus in recent years of both industry and population, formed the theme of a speech given in Manchester on 17 September by the Secretary of State for the Environment, Mr Peter Shore. He outlined a change of emphasis in the Government's policy towards these areas, which would entail a reassessment of priorities in the allocation of resources between the inner cities and the new and expanded towns and a reconsideration of population dispersal plans.

Official concern over the decay and deprivation in the inner cities has been growing and has been manifested in, for example, the series of Inner Area Studies published since 1974 (see p 297, 1974; pp 173, 383 and 499, 1975; and pp 190, 303); the announcement in May 1976 of a major urban renewal project in the Glasgow area in Scotland; and the publication in September 1976 of a White Paper on new towns (see p 412), indicating ways in which new town policies might be adapted to meet a changing social and demographic situation.

In September Mr Shore was given special responsibility for the problems of inner cities and was made chairman of a ministerial committee dealing with this subject.

INNER URBAN POLICY

The following were the main points dealt with in Mr Shore's Manchester speech.

Decline in Inner Cities

The Government is deeply concerned about the future of inner city areas in Britain, which share a common problem arising mainly 'from a declining economic and industrial base, in part caused by, and in part contributing to, a major and unbalanced loss of population over the last decade and a half'. During this period the inner area of Manchester, for example, has lost 20 per cent of its population and that of Liverpool 40 per cent. Though there has been a growth of office jobs in the centres of most cities, this has not compensated for the decline of manufacturing industry. Migration of skilled workers and of young people has left the inner city areas with special problems of unemployment higher than the national average.

The decline has been brought about by a 'complex interaction of factors': some the result of conscious decisions by individuals and of conscious dispersal by the Government – as under the planning and new towns legislation of 1946 and 1947, which reflected a general consensus at that time in favour of decentralisation and dispersal from the congested city areas – but some due to unforeseen and unplanned developments, of which the most significant have been the sharp decline in the rate of population increase, compared with earlier forecasts, and a voluntary movement of people, much greater than had been anticipated, away from the inner cities. The latter point is illustrated by the fact that of the people who moved from the Merseyside conurbation between 1966 and 1971 only 11·4 per cent went to new towns and 6 per cent to expanding towns elsewhere in the region.

Factors contributing to the movement of industry away from the inner cities have included developments in road transport facilities and the relative ease of acquiring factory sites and obtaining planning permission in peripheral areas. The greatest cause of loss of jobs in inner city areas, however, said Mr Shore, 'has not been the movement of firms, but simply their death', sometimes because of contraction in the markets for their goods, but sometimes 'as a consequence – albeit unintentional – of the planning and housing policies which have been pursued'.

Changes in Policy

The Minister said he was in no doubt that changes in policy towards inner urban areas were needed. 'Twentieth-century civilisation has been based upon cities, and if in the process of change their inner areas are simply allowed to decay – and their inhabitants to languish – the country as a whole will be the poorer.'

The Government, the Minister recalled, had already taken action in a number of ways to meet the problem – for example, by providing special financial aid for areas of housing stress – but this had dealt only with the symptoms, and not with the causes, of decline in the inner areas. It was now necessary to see what could be done to stem, and possibly reverse, the tide of manufacturing jobs moving out. The post-war system of land-use planning, while it had been a great success and had 'rightly earned Britain a high international reputation in this field', had introduced distortions strongly favouring development on peripheral sites at the expense of the inner areas, and the Government would have to consider whether 'the incentives to industrial location could not be better tuned to assist the inner areas, without disturbing regional policy'.

As an example of what could be done in this direction, Mr Shore referred to the London Docklands, an area which has gone into decline since the moving away of the traditional dock industry and is scheduled for redevelopment. The Government, he said, had recently given an undertaking that, for the issue of Industrial Development Certificates (required for the building of new factories over a certain size outside assisted and other specified areas) the Docklands would be given, wherever possible, the same priority as the new and expanded towns in the south-east of England.

Population Dispersal

Mr Shore spoke of arguments that the new towns had 'creamed off' resources from the inner city and had helped to create the stress problems that now had to be solved. Many of the new and expanded towns, he pointed out, were established specifically in order to ease pressure in the inner cities and they had been 'remarkably successful'. In addition, many had attracted industries which might not have gone to the region at all unless purpose-built factories, good communications and a ready supply of labour, had been available. 'On the other hand', he went on, 'I certainly acknowledge that the objective circumstances in which the new and expanded towns are operating have changed, and

it is these changes and not any criticism of the past value of new towns – which I do not question – which must cause us to reappraise their future role.' The Government's intention was, therefore, as part of an overall review of policies for urban areas, to review future policies on population dispersal.

Alternative Use of Resources

Finally, the Minister spoke of the 'great strain on public resources' at the present time and of the need to consider their alternative use in the inner cities or the new and expanded towns as well as in the country generally. Demands for greater resources in any area could only be met from a redistribution of what was available; but a policy to maintain employment and a balanced population in an area was of importance not just to the people living there, but to those all around. 'Cities', he concluded, 'serve and sustain the whole region around them in cultural, social and economic terms. If cities fail, so to a large extent does our society. That is the urgency of tackling the problem, and why it has to be of concern to everyone in the land.'

NEW TOWNS

Some changes in policy towards the development of new towns are outlined in a White Paper[1] published in September, containing the Government's observations on a report of the House of Commons Expenditure Committee.[1] It notes that a series of reviews of new town population targets has been set in hand, taking into account the latest demographic forecasts, estimates of future housing demand and trends in the supply of mobile employment.

While the Government foresees a continuing house construction programme providing for the orderly dispersal of people into planned new communities, it considers there is unlikely to be any further designation of additional new towns within the next five years. The development of Stonehouse, in Scotland, has been abandoned (see p 267); the planned rate of growth of Telford has been slowed down; and a decision has been taken not to extend the designated area of Corby. However, proposals for the extension of Harlow, Skelmersdale and Stevenage are at present under consideration.

In the new towns near London, the White Paper states that the tenancy allocation policy has been revised to give priority to housing the old and the disadvantaged from the inner city; and that it is intended to introduce similar measures in other new towns, appropriate to their circumstances. The new towns will thus be able to make a greater direct contribution towards the problems of inner city areas and will provide opportunities for people who would not under previous policies have qualified for rehousing in a new town.

[1] *New Towns. Government Observations on the Thirteenth Report from the Select Committee on Expenditure.* Cmnd 6616. HMSO, 28p. ISBN 0 10 166160 6.

[1] *New Towns. Thirteenth Report of the Expenditure Committee Session 1974-75.* HMSO, 65p. ISBN 0 10 026885 4.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

United Kingdom Government Ministers. COI, SN5657/76/4.

Royal Commission on Legal Services in Scotland. Lord Hughes, former Minister of State at the Scottish Office, has been appointed chairman of the Royal Commission on Legal Services in Scotland. The establishment of the Royal Commission was announced by the then Prime Minister, Sir Harold Wilson, in the House of Commons on 2 March 1976 (see p 100). Prime Minister's Office press notice, 29.9.76.

House of Commons Select Committee on the Parliamentary Commissioner for Administration: Second Report, Session 1975-76, Reports of Parliamentary Commissioner for Administration. HMSO, £1·50. ISBN 0 10 248076 1.

'Your Local Ombudsman': Report of the Commission for Local Administration in England for Year Ending 31 March 1976. Available from the commission's headquarters at 21 Queen Anne's Gate, London SW1H 9BU. 50p.

Economic and Scientific Affairs

Export Growth. The Department of Trade's fourth survey into short-term export prospects among Britain's 75 top exporting companies shows that they expect a continued growth in their exports into 1977. Taking volume and price movements together, the value of their exports is expected to be approaching 30 per cent higher in 1976 than in 1975. *Trade and Industry,* 10.9.76.

New Measures to Alleviate Unemployment. (See pp 333-4.) Measures to take about 80,000 people off the unemployment register over the next 12 months at a gross cost of £95 million were announced by the Secretary of State for Employment, Mr Albert Booth, on 24 September. A new job release scheme would be introduced in assisted areas (see p 388, 1974) – which account for 75 per cent of unemployment in Britain – for six months from 1 January 1977 to enable older workers who were very close to pensionable age to leave employment and free jobs for younger unemployed people. (Broadly, the scheme offers to 64-year-old men and 59-year-old women a tax-free allowance of £23 a week until they reach retirement age provided that, on leaving, they are replaced in their jobs by a registered unemployed worker. The allowance will also be available to anyone of eligible age who is on the unemployment register and wishes to leave the labour market.) Other measures include a further £15 million for the Job Creation Programme (see p 28) to provide another 11,000 jobs, an extra £6·5 million for the introduction for young people of new training courses in office and clerical occupations and in computer operating and programming, and the continuation beyond March 1977 of the cost of providing extra posts to strengthen the careers service. Mr Booth added that since the Government introduced the Temporary Employment Subsidy in 1975 (see p 320, 1975), the wide variety of selective measures it had brought in, including the latest, would help about 500,000 unemployed people through a period of abnormally high unemployment. Department of Employment press notice, 24.9.76.

Alleviating Unemployment. A summary account of the Government's measures to alleviate unemployment since the April 1975 Budget (see p 194, 1975) in the context of the Government's economic and industrial strategy, is given in *Economic Progress Report* No 79, prepared by the Information Division of the Treasury. Available from Circulation Section (H), Central Office of Information.

Employment Protection Act 1975. (See p 229.) A further commencement Order under the Act provides that from 1 October 1976 protection from unfair dismissal is extended to people working in small firms with less than four employees; and that from 6 April 1977 employers will be required to provide their employees with an itemised pay statement. (Although pay statements are already provided by many employers their present format may not comply entirely with the new law.) Department of Employment press notice, 30.9.76.

The Food, Drink and Tobacco Industry Training Board. Annual Report and Accounts. Year Ending 31 March 1976. The Food, Drink and Tobacco Industry Training Board, Barton House, Barton Street, Gloucester GL1 1QQ.

Footwear Industry Statistical Review 1975. The British Footwear Manufacturers Federation, Royalty House, 72 Dean Street, London W1V 5HB. £8.

The Footwear Industry. Structure and Governmental Policies. Published by the Organisation for Economic Co-operation and Development. £4·40. ISBN 92 64 11480 7.

Materials-handling Costs – A New Look at Manufacture. The report, which is the first systematic investigation into materials-handling costs in the United Kingdom, suggests that materials-handling is costing firms more than it ought, and that savings in the engineering and allied industries alone could amount to as much as £90 million a year. Department of Industry. HMSO, £2·10. ISBN 0 11 511745 8.

At the Farmer's Service. Ministry of Agriculture, Fisheries and Food 1976-77. Obtainable free from: Ministry of Agriculture, Fisheries and Food (Publications), Tolcarne Drive, Pinner, Middlesex HA5 2DT.

UK Food and Farming in Figures 1976. Government Statistical Service. Obtainable free from: Ministry of Agriculture, Fisheries and Food (Publications), Tolcarne Drive, Pinner, Middlesex HA5 2DT.

Ministry of Agriculture, Fisheries and Food, Manual of Nutrition. Eighth Edition. 1976. HMSO, £1. ISBN 0 11 241112 6.

European Convention for the Protection of Animals kept for Farming Purposes (with Explanatory Report). Cmnd 6614. HMSO, 22p. ISBN 0 10 166140 1.

Commonwealth Agricultural Bureaux Review Conference, London, 1975. Report of Proceedings. Cmnd 6619. HMSO, 85p. ISBN 0 10 166190 8.

Energy Research and Development in the United Kingdom. A discussion document. Energy Paper No 11. Department of Energy. HMSO, £2·65. ISBN 0 11 410288 0.

Energy Prospects. Advisory Council on Energy Conservation Paper 3. Energy Paper No 12. Department of Energy. HMSO, £1·10. ISBN 0 11 410289 9.

National Energy Conference. (See pp 293-4.) Energy Paper No 13. Vol 1: Report of proceedings; written contributions. HMSO, £2·30. ISBN 0 11 410290 2. Vol 2: Papers submitted. HMSO, £3·35. ISBN 0 11 410291 0.

Advanced Ground Transport. Second report from the House of Commons Select Committee on Science and Technology. Session 1975-76. HMSO, 85p. ISBN 0 10 259276 4.

Civil Aviation Authority. Annual report and accounts 1975-76. Available from CAA, Greville House, 37 Gratton Road, Cheltenham, Gloucestershire GL50 2BI. £3. ISBN 0 86039 014 4.

Annual Digest of Port Statistics 1975. Vol 1. National Ports Council, Commonwealth House, 1–19 New Oxford Street, London WC1A 1DZ. £10. ISBN 0 901058 92 0.

Half a Century of Medical Research. Vol 2. *The Programme of the Medical Research Council (UK),* by A. L. Thomson. HMSO, £10. ISBN 0 11 450029 0.

Accidental Oil Pollution at Sea. A report by officials on oil spills and clean-up measures. Pollution Paper No 8. HMSO, £2·05. ISBN 0 11 751105 6.

Natural Environment Research Council. Report of the Council for 1975-76. HMSO, £2·65. ISBN 0 10 260976 4.

Commercial Co-operation Agreement between the European Economic Community and the Islamic Republic of Pakistan. Cmnd 6596. HMSO, 20p. ISBN 0 10 165960 1.

Convention for the European Patent for the Common Market (Community Patent Convention) including Implementing Regulations and Final Act. Cmnd 6553. HMSO, 65p. ISBN 0 10 165530 4.

Social and Cultural Affairs

History. COI, FSB/A3.

Changes in Family Building Plans. A report which compares changes in family intentions, family size and contraceptive use among groups of parents in England and Wales interviewed during 1973, five to eight months after the birth of a child, and contacted again when the child was two years old. *Studies in Medical and Population Subjects* No 33, published by the Office of Population Censuses and Surveys. HMSO, £1·10. ISBN 0 11 690619 7.

The Legal Systems. COI, FSB/B6.

The Metropolitan Police. COI, SN5964.

Prisons in Scotland: Report for 1975. Scottish Home and Health Department. Cmnd 6546. HMSO, £1·25. ISBN 0 10 165460 X.

Criminal Law Revision Committee: Working Paper on Offences Against the Person. Among a number of recommendations is a proposal that 'mercy killing' should become a separate criminal offence punishable with a maximum of two years' imprisonment. HMSO, 95p. ISBN 0 11 340601 0.

Civil Judicial Statistics (Scotland). Cmnd 6577. HMSO, 67p. ISBN 0 10 165770 6.

Britain's Divorce Laws. COI, SN6014.

On the State of the Public Health. The annual report of the Chief Medical Officer of the Department of Health and Social Security for the year 1975. HMSO, £1·50. ISBN 0 11 320223 7.

A Review of the Mental Health Act 1959. A consultative document, published by the Department of Health and Social Security, which is being sent to over a hundred organisations for their comments with a view to the possible introduction in 1977 of legislation to revise the Act. HMSO, £1·05. ISBN 0 11 320659 3.

An Investigation into Some Aspects of Visual Handicap, by R. Ann Abel. Department of Health and Social Security Statistical Research Report Series No 14. HMSO, £1·50. ISBN 0 11 320201 6.

Pension Age. A memorandum of evidence prepared for the Equal Opportunities Commission by the Department of Health and Social Security. The commission is studying the question of equal pension ages for men and women (at present 65 for men and 60 for women). The department stresses that a reduction in pensionable age to 60 for men would involve heavy economic burdens as the estimated cost to public funds would be an extra £2,000 million a year. The memorandum opposes the alternative of raising women's pension age to 65 and goes on to discuss the practicability of a common retirement age between 60 and 65. It also considers greater flexibility in retirement ages for individuals. Available free of charge from Information Division, Department of Health and Social Security, Alexander Fleming House, Elephant and Castle, London SE1 6BY.

Education Statistics for the United Kingdom 1974. Includes statistics on schools and school-leavers, further and higher education, teachers, universities (including the Open University), awards, libraries, building and finance. HMSO, £3·80. ISBN 0 11 270407 7.

Universities. COI, FSB/C5.

Higher and Further Education Building Programme 1977-78. The building programme for major post-school education projects in 1977-78 will amount to some £24·5 million. Of this, £4 million has been allocated to the University Grants Committee for universities in England, Scotland and Wales. In the non-university sector, the Department of Education and Science will authorise local authority expenditure on polytechnics and colleges of further education up to a maximum of £20·5 million. Department of Education and Science press notice, 21.9.76.

Youth Service COI, FSB/C4.

World Housing Survey 1974. A review of the state of housing, building and planning, published by the Department of Economic and Social Affairs, United Nations, NewYork. Sales No. E75.IV.8. Available through HMSO, £5·40.

Centre for Environmental Studies. Ninth annual report, spring 1975 to spring 1976. Obtainable from the Centre for Environmental Studies, 62 Chandos Place, London WC2N 4HH.

Scottish Sports Council. Third Report, 1975-76. Published by the Scottish Sports Council, 1 St Colne Street, Edinburgh EH3 6AA. 50p.

Control of Motor Rallies. Report of an Advisory Committee. HMSO, 30p. ISBN 0 11 550408 7.

The Science Museum. COI, SN5882.

The Tate Gallery. COI, SN5771.

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